RESEARCH REPORT

PHILANTHROPIC SUPPORT FOR AFFORDABLE HOUSING

HOUSING
AFFORDABILITY
AND FINANCE
SERIES

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Philanthropic Support For Affordable Housing

Final Report

Canada Mortgage and Housing Corporation

June 2000

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Abstract

This report provides sponsors of affordable housing with a general understanding of the philanthropic sector and with information on how to obtain philanthropic contributions for their projects. The purpose of the report was twofold. First, to provide sponsors of affordable housing with a general understanding of the philanthropic sector, to share a selection of "best practices" from across Canada, and to provide background information and practical advice to help sponsors evaluate the potential for fundraising and understand the steps required for successful fundraising campaigns. Second, to identify other initiatives which could be undertaken to encourage philanthropic support of affordable housing.

The first part of the report provides sponsors of affordable housing projects with a detailed situational analysis. This includes an overview of the financial aspects of producing affordable housing in Canada, an examination of the charitable sector and the donor community, and a look at the tax implications of donations to charities and non-profits. The second part of the report, entitled *A Sense of Direction*, is intended to help policy-makers and affordable housing sponsors by illustrating an alternative approach to the issue that brings together broad societal initiatives and local programming.

The report also includes four appendices that provide more detailed information for sponsors of affordable housing. The appendices include: sixteen case studies illustrating how sponsors have been able to successfully secure philanthropic support for their projects (Appendix I); an overview of what is required to undertake a successful fundraising campaign (Appendix II); the chronological steps required for successful fundraising (Appendix III); and an examination of an important emerging philanthropic trend—planned giving (Appendix IV).

Although the many regional variations prevent a single prescription for success, the research and the case studies indicated that there are a number of essential and interrelated elements that sponsors of affordable housing require in order to secure funding for their projects. These include high profile in the community, demonstrating the connection to a relevant social issue and to the community, involving motivated staff and community volunteers, building corporate partnerships, and targeting a variety of funding sources for support. Finally, the case studies show that perseverance is essential and sponsors need to be realistic about how long it will take to raise significant funds for an affordable housing project.

As is noted throughout the report, the challenge of securing philanthropic support for affordable housing is complex. The scope of the issue and the philanthropic landscape vary considerably across Canada and there is no single solution that applies to all affordable housing projects. This report is intended as a first step. Further work is required to identify specific regional issues and challenges, and to develop and distribute tools and training as needed by sponsors on a regional basis.

Executive Summary

In 1998, CMHC retained Manifest Communications Inc. to undertake a research study on philanthropic support of affordable housing in Canada that would begin the process of helping non-profit builders secure funds for their projects. This report provides the results of that study.

The key study objectives were:

- To provide organizations involved in either creating or supporting the creation of affordable housing with information on obtaining philanthropic contributions. The intention is to provide these organizations with a general understanding of how to obtain financial support by sharing a selection of "best practices" from across Canada and by providing practical tools to help sponsors evaluate the potential for fundraising and understand the steps required for successful fundraising campaigns; and
- To assist in the development of further initiatives required to encourage philanthropic support of affordable housing.

To achieve the study objectives, the research methodology involved three interrelated activities: a review and analysis of relevant literature and secondary data; the development of sixteen case studies that illustrate how affordable housing sponsors have been able to secure the funding required to develop successful projects; and interviews with three of Canada's leading fundraising professionals.

Key Findings

Our research revealed that there are three categories of affordable housing projects that are successfully being developed in Canada. In each category, philanthropic support played an important, but not exclusive, part of the funding mix.

1. Communities of Interest—Projects that address the housing needs of a specific community of interest such as a small rural community, or a religious congregation.
2. Unique Circumstances—Projects that are achievable because of one or more unique elements that make fundraising a viable way of securing revenue: small scale, long-term timing, availability of "sweat equity", or availability of in-kind donations.
3. Social Issue or Population Group—Affordable housing projects that address the needs of a social issue or population group: seniors' residence, AIDS hospice, housing for individuals with mental health disabilities, to name a few.

Although the many regional variations prevent a single prescription for success, the research indicated that there are a number of critical building blocks that sponsors of affordable housing require in order to secure funding for their projects. The following is a summary of the key findings from the situational analysis, case studies, and interviews with leading fundraising professionals.

✓ Build Profile

Raising the awareness and profile of the affordable housing issue and creating a "climate" in which people understand and support the issue is the first step to influencing potential donors.

Non-profit organizations have more credibility than governments or corporations to raise the profile of an important social issue and, as a result, generate philanthropic support, government funding, and in-kind support. By achieving significant profile it is possible for sponsors of affordable housing to provide tangible marketing value to corporate and government partners, and, as a result, increase the number and amount of sponsorships, donations, and grants.

✓ Build Social Capital

Major corporate, foundation, and individual donors are interested in supporting projects that can demonstrate an ability to build "social capital" through long-term solutions to pressing issues (e.g., the needs of the elderly in society). In addition, fundraising volunteers are motivated by projects that are seen to provide solutions to relevant social issues. The issue of affordable housing, and "bricks and mortar" campaigns is not a high priority for major donors.

Further, by going beyond the issue of affordable housing to encompass other related social issues, sponsors of affordable housing can often be eligible for a broader range of government grants.

It is often more feasible to obtain funding is for affordable housing projects that address issues that have been identified as a priority by local and provincial governments.

Finally, affordable housing projects that also include skills training and educational components can attract government funding that would not otherwise be available.

✓ Build Relationships

Most successful affordable housing initiatives have a dedicated project leader with the vision, enthusiasm, and credibility needed to motivate volunteers and mobilize support.

The participation of high profile, influential corporate and community volunteers is pivotal to the success of major fundraising campaigns. Building relationships with prospective volunteers and donors can be done by creating opportunities for them to be involved and engaged during all phases in the project and by demonstrating social value from their perspective.

The participation of high-profile community leaders and media/ entertainment personalities can establish credibility and attract other influential community leaders who are potential donors.

✓ Build Partnerships

Invariably, the scale of large, affordable housing projects necessitates partnerships forged from the public, private and voluntary sectors. The most successful of these partnerships are "win-win" and serve the many needs of all the groups involved.

For corporations, significant support for affordable housing projects is directly proportional to the "strategic fit" with their business and social agendas and the relevance to their markets/customers.

Further, to secure a significant level of support from a national corporation, it is important to understand the corporation's key business partners at a local level (i.e., retailers, distributors, franchisees, etc.) and to create programs and benefits that add value to these relationships.

National non-profit organizations can provide intermediary support (i.e., programming, training, infrastructure and start-up support) that will facilitate fundraising and programming at a local community level.

Working with other community-based organizations can raise the local profile of affordable housing and the homeless housing needs of the community.

✓ Build Community

Affordable housing projects that address the housing and social needs of a remote rural community, specific ethno-cultural group, or a religious congregation are likely to receive philanthropic support from within their constituency.

In smaller communities, "grassroots" campaigns are an important means of raising money and mobilizing support for projects that are seen to be a new asset to the community.

✓ Raise Funds and Fundraise

A variety of funding sources, including government, is key to the success of most affordable housing projects. Government grants and "matching funds" help leverage local philanthropic contributions from a community.

An association with a "core" financial services partner can also provide essential financial leverage. In addition, some financial institutions may consider providing mortgage financing at favorable (i.e., below market) interest rates if the project is consistent with the priorities of their corporate philanthropy program.

In some communities where property values are very low and resale unlikely, property owners can be interested in selling their properties in return for a tax receipt. In addition, members of a community may be willing to provide personal financial guarantees to assist a sponsor in obtaining financing from other sources.

Donations of free services can be as valuable as cash donations. Community support can be provided through "in kind" donations of materials and supplies that can reduce project costs. In addition, there can be significant value in "sweat equity" (free volunteer labour).

In order to raise philanthropic support, organizations require a level of administrative infrastructure that, at the basic level, includes trained and experienced staff, office space, and information technology. In addition, most successful campaigns for large projects also involve the use of paid fundraising consultants.

✓ Be Realistic

Perseverance is essential, especially for large projects—even established organizations that have strong relationships with influential corporate and community leaders need to be realistic about how long it will take to raise significant funds.

Directions for Future Research

This report is intended as a first step. As a follow-up to the report, the research team recommends the following interrelated initiatives:

- Identification of specific regional issues and challenges by conducting a series of meetings/workshops with sponsors of affordable housing and with philanthropic donors; and
- Development and distribution of tools and training as needed on a regional basis to generate philanthropic support for affordable housing.

Acknowledgements

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We are also grateful to the many representatives from non-profit organizations and charities who provided valuable information on housing and other social issue projects across Canada. We also appreciate the valuable insight provided by three of Canada's leading fundraising professionals.

Jean Crawford (President, Crawford Consulting), Karen Wilson (Vice-President, Ketchum Fundraising Counsel), and Steve Woeller (Director of Development, Hamilton Health Sciences Centre).

While this study was conducted for Canada Mortgage and Housing Corporation, the analysis and recommendations are those of the consultants and do not necessarily reflect the views of Canada Mortgage and Housing Corporation.

Introduction

The shortage of affordable housing is a pressing issue in Canada today. The need for affordable housing is growing at a time when governments find themselves constrained in dealing with the issue, given the need to exercise continued ongoing budget restraint.

Canada Mortgage and Housing Corporation (CMHC) has taken positive first steps to help sponsors of affordable housing. CMHC's Canadian Centre for Public Private Partnerships in Housing (CCPPPH) is helping non-profits learn how to broker partnerships with the private sector and has already helped facilitate a number of partnerships for affordable housing. However, in order to address the shortage of affordable housing, more financial support is required from non-governmental sources.

For non-profit sponsors of affordable housing looking to secure funds from the private sector, serious challenges lie ahead—most have neither the knowledge nor the experience required to solicit philanthropic support from individuals, corporations, and foundations. For their part, individuals, corporations, and foundations have not adopted the issue of affordable housing as a priority for funding.

In 1998, CMHC retained Manifest Communications Inc. to undertake a research study on philanthropic support of affordable housing in Canada that would begin the process of helping non-profit builders secure funds for their projects. This report provides the results of that study.

The key study objectives were:

- To provide organizations involved in either creating or supporting the creation of affordable housing with information on obtaining philanthropic contributions. The intention is to provide these organizations with a general understanding of how to obtain financial support from the philanthropic sector through sixteen case studies that show how sponsors of affordable housing have secured funding for there projects; and
- To assist in the development of further initiatives required to encourage philanthropic support of affordable housing.

To achieve the study objectives, the research methodology involved three interrelated activities: a review and analysis of relevant literature and secondary data; the development of sixteen case studies that illustrate how affordable housing sponsors have been able to secure the funding required to develop successful projects; and interviews with three of Canada's leading fundraising professionals.

The Environmental Context

Based on our background research, interviews with recipient and donor organizations, and interviews with three of Canada's leading fundraising consultants, we have identified the following as directly relevant to sponsors of affordable housing when they consider how to secure philanthropic support for their projects.

Non-profit housing sponsors are new to the philanthropic marketplace—Non-profit organizations and associations know about housing but do not, by in large, have the resources or skills required to raise philanthropic support for their projects. In a fiercely competitive fundraising environment, successful campaigns depend on the profile of the organization and the issue, the participation of high-profile volunteers, and the quality and experience of fundraising professionals. Our research indicates that, with a very few exceptions, only large charitable organizations have the necessary resources and leverage to raise sufficient funds for major affordable housing projects. Non-profit housing sponsors, however, have been able to raise funds for a number of small-scale projects across Canada.

Giving varies significantly across Canada—There are significant geographic variations in the way Canadians support charitable organizations. Both the markets and the fundraising techniques required to reach these markets vary according to location. These variations in giving across Canada have significant implications and builders of affordable housing sponsors need to plan accordingly.

For example, in Ontario, non-profit housing sponsors face fierce competition from high-profile charitable organizations for the attention and pocketbooks of corporate, individual, and foundation donors. In the Atlantic Provinces, Manitoba, Saskatchewan, and in rural communities, there are fewer charities and a lower concentration of wealth. There is, however, a greater sense of community spirit and social obligation. As a result, local non-profits and charities have had some success in galvanizing enough support to build small affordable housing projects.

Canadians are not supporting affordable housing but are funding supportive housing—Research shows that affordable housing is not a priority for Canadians who have the means to make significant charitable donations. Canadian donors are more concerned about other social issues. They tend to support the charitable organizations that they believe are doing something about those issues such as health care, education, and social services. Although affordable housing is inextricably linked to health care, education, and social services, donors are more motivated to support the services inside the buildings rather than the costs of the buildings themselves. As a result, sponsors of affordable housing that promote the long-term social benefits of their projects are more likely to garner philanthropic support.

The role of charitable organizations—The role of charitable organizations has been an important and emerging aspect of affordable housing development. Although non-profit organizations and associations have developed a significant level of affordable housing, there are also many registered charities that build housing for specific populations such as seniors, at-risk-youth, psychiatric survivors, and women. These charities include religious organizations, social service providers, and hospitals to name a few.

These organizations have some significant advantages over their non-profit colleagues. They have cultivated long-term relationships with donors, they can issue tax receipts to donors, and they have the skill, organizational structure, and orientation required to broker partnerships and attract philanthropic contributions.

Tax incentives are helpful but not central—Although there are clear tax benefits for all types of charitable gifts, donors are not primarily motivated by these benefits. In fact, a significant portion of individual and corporate donations is not claimed for tax purposes. For sponsors of affordable housing, this demonstrates the importance of understanding the donors' perspective and "making a case" that clearly demonstrates the personal relevance of the issue.

As is noted throughout the report, the challenge of securing philanthropic support for affordable housing is complex. The scope of the issue and the philanthropic landscape vary considerably across Canada and there is no single solution that will apply to all affordable housing projects. Finally, our research indicated that philanthropic support was only a part of the funding mix for most successful affordable housing projects—a combination of local, provincial, and federal funding was also essential.

Structure of the Report

The first parts of the report provide sponsors of affordable housing projects, with a detailed situational analysis that includes an overview of affordable housing in Canada, an examination of the charitable sector and the donor community, and a look at the tax implications of donations to charities and non-profits. The second part of the report, entitled *A Sense of Direction*, is intended to help policy-makers and affordable housing sponsors by illustrating a new approach to the issue that weaves together broad societal initiatives and local programming.

Appendix I contains thirteen case studies that illustrate how affordable housing sponsors have been able to secure the funding required to develop successful projects. In addition, there are three case studies that show how other non-profit organizations have been able to raise their profile and generate funding in support of different social issues.

Appendix II is intended to help sponsors of affordable housing evaluate the potential for fundraising in support of their projects by providing an overview of what is required to undertake a successful fundraising campaign.

Appendix III complements the previous appendix by outlining the chronological steps for successful fundraising.

Appendix IV contains a detailed examination of planned giving—one of the most important new, and potentially advantageous, fundraising initiatives that is emerging as a fundraising opportunity for Canadian charitable organizations.

Appendix V contains a list of community Foundations in different Canadian provinces.

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The Challenge

For CMHC, the overarching objective of this research report is to provide organizations involved in either creating or supporting the creation of affordable housing with information on obtaining philanthropic contributions. The intention is to provide these organizations with a general understanding of how to obtain financial support from the philanthropic sector. In addition, the research is intended to assist in the development of further initiatives required to encourage philanthropic support of affordable housing.

As is noted throughout the report, the challenge of securing philanthropic support for affordable housing is complex.The scope of the issue and the philanthropic landscape vary considerably across Canada and there is no single solution that will apply to all affordable housing projects. Finally, our research indicated that philanthropic support was only a part of the funding mix for most successful affordable housing projects—a combination of local, provincial, and federal funding was also essential.

This report is intended as a first step. As a follow-up to the report, the research team recommends the following interrelated initiatives:

- Identification of specific regional issues and challenges by conducting a series of meetings/workshops with sponsors of affordable housing and with philanthropic donors; and
- Development and distribution of tools and training as needed on a regional basis to generate philanthropic support for affordable housing.

Introduction

The shortage of affordable housing is a pressing issue in Canada today. The need for affordable housing is growing at a time when governments find themselves constrained in dealing with the issue, given the need to exercise continued ongoing budget restraint.

Canada Mortgage and Housing Corporation (CMHC) has taken positive first steps to help sponsors of affordable housing. CMHC's Canadian Centre for Public Private Partnerships in Housing (CCPPPH) is helping non-profits learn how to broker partnerships with the private sector and has already helped facilitate a number of partnerships for affordable housing. However, in order to address the shortage of affordable housing, more financial support is required from non-governmental sources.

For non-profit sponsors of affordable housing looking to secure funds from the private sector, serious challenges lie ahead—most have neither the knowledge nor the experience required to solicit philanthropic support from individuals, corporations, and foundations. For their part, individuals, corporations, and foundations have not adopted the issue of affordable housing as a priority for funding.

In 1998, CMHC retained Manifest Communications Inc. to undertake a research study on philanthropic support of affordable housing in Canada that would begin the process of helping affordable housing sponsors secure funds for their projects. This report provides the results of that study.

The Environmental Context

Based on our background research, interviews with recipient and donor organizations, and interviews with three of Canada's leading fundraising consultants, we have identified the following as directly relevant to sponsors of affordable housing when they consider how to secure philanthropic support for their projects.

Non-profit affordable housing providers are new to the philanthropic marketplace—Non-profit organizations and associations know about housing but do not, by in large, have the resources or skills required to raise philanthropic support for their projects. In a fiercely competitive fundraising environment, successful campaigns depend on the profile of the organization and the issue, the participation of high-profile volunteers, and the quality and experience of fundraising professionals. Our research indicates that, with a very few exceptions, only large charitable organizations have the necessary resources and leverage to raise sufficient funds for major affordable housing projects. Non-profit agencies, however, have been able to raise funds for a number of small-scale projects across Canada.

Giving varies significantly across Canada There are significant geographic variations in the way Canadians support charitable organizations. Both the markets and the fundraising techniques required to reach these markets vary according to location. These variations in giving across Canada have significant implications and builders of affordable housing sponsors need to plan accordingly.

For example, in Ontario, non-profit sponsors face fierce competition from high-profile charitable organizations for the attention and pocketbooks of corporate, individual, and foundation donors. In the Atlantic Provinces, Manitoba, Saskatchewan, and in rural communities, there are fewer charities and a lower concentration of wealth. There is, however, a greater sense of community spirit and social obligation. As a result, local non-profits and charities have had some success in galvanizing enough support to build small affordable housing projects.

Canadians are not supporting affordable housing but are funding supportive housing—Research shows that affordable housing is not a concern for Canadians who have the means to make significant charitable donations. Canadian donors are more concerned about the social issues that are directly relevant to them and their families. They tend to support the charitable organizations that they believe are doing something about those issues. Research indicates that, overwhelmingly, these donors are supporting health care, education, and social services. Although affordable housing is inextricably linked to health care, education, and social services, donors are more motivated to support the activities *inside* the buildings rather than the costs of the buildings themselves.

As a result, sponsors of affordable housing that promote the long-term social benefits of their projects are more likely to garner philanthropic support.

The role of charitable organizations —The role of charitable organizations has been an important and emerging aspect of affordable housing development.

Although non-profit organizations and associations have developed a significant level of affordable housing, there are also many registered charities that build housing for specific populations such as seniors, at-risk-youth, psychiatric survivors, and women. These charities include religious organizations, social service providers, and hospitals to name a few. These organizations have some significant advantages over their non-profit colleagues. They have cultivated long-term relationships with donors, they can issue tax receipts to donors, and they have the skill, organizational structure, and orientation required to broker partnerships and attract philanthropic contributions.

Tax incentives are helpful but not central —Although there are clear tax benefits for all types of charitable gifts, donors are not primarily motivated by these benefits. In fact, a significant portion of individual and corporate donations are not claimed for tax purposes. For sponsors of affordable housing, this demonstrates the importance of understanding the donors' perspective and "making a case" that clearly demonstrates the personal relevance of the issue.

Key Findings

Our research revealed that there are three categories of affordable housing projects that are successfully being developed. In each category, philanthropic support played an important, but not exclusive, part of the funding mix.

1. **Communities of Interest**—Projects that address the housing needs of a specific community of interest such as a small rural community, or a religious congregation.
2. **Unique Circumstances**—Projects that are achievable because of one or more unique elements that make fundraising a viable way of securing revenue: small scale, long-term timing, availability of "sweat equity", or availability of in-kind donations.
3. **Social Issue or Population Group**—Affordable housing projects that address the needs of a social issue or population group: seniors' residence, AIDS hospice, housing for individuals with mental health disabilities, to name a few.

Within these three categories, our research indicated that, in order to raise philanthropic support for specific projects, sponsors of affordable housing had to have a number of other interrelated elements in place.

The following is a summary of the key findings from the situational analysis and case studies.

Although the many regional variations prevent a single prescription for success, there are a number of critical building blocks that sponsors of affordable housing require in order to secure funding for their projects.

✓ Build Profile

Raising the awareness and profile of the affordable housing issue and creating a "climate" in which people understand and support the issue is the first step to influencing potential donors.

Non-profit organizations have more credibility than governments or corporations to raise the profile of an important social issue and, as a result, significantly increase philanthropic support, government funding, and in-kind support. By achieving significant profile it is possible for sponsors of affordable housing to provide tangible marketing value to corporate and government partners, and, as a result, increase the number and amount of sponsorships, donations, and grants.

✓ Build Social Capital

Major corporate, foundation, and individual donors are interested in supporting projects that can demonstrate an ability to build "social capital" through long-term solutions to pressing issues (e.g., the needs of the elderly in society). In addition, fundraising volunteers are motivated by projects that are seen to provide solutions to relevant social issues. The issue of affordable housing, and "bricks and mortar" campaigns is not a high priority for major donors.

Further, by going beyond the issue of affordable housing to encompass other related social issues, sponsors of affordable housing can often be eligible for a broader range of government grants.

Funding is available for affordable housing projects that address issues that have been identified as a priority by local and provincial governments.

Finally, affordable housing projects that also include skills training and educational components can attract government funding that would not otherwise be available.

✓ Build Relationships

Most successful affordable housing initiatives have a dedicated project leader with the vision, enthusiasm, and credibility needed to motivate volunteers and mobilize support.

The participation of high profile, influential corporate and community volunteers is pivotal to the success of major fundraising campaigns. Building relationships with prospective volunteers and donors can be done by creating opportunities for them to be involved and engaged during all phases in the project and by demonstrating social value *from their perspective*.

The participation of high-profile community leaders and media/entertainment personalities can establish credibility and attract other influential community leaders who are potential donors.

✓ Build Partnerships

Invariably, the scale of large, affordable housing projects necessitates partnerships forged from the public, private and voluntary sectors. The most successful of these partnerships are "win-win" and serve the many needs of all the groups involved.

For corporations, significant support for affordable housing projects is directly proportional to the "strategic fit" with their business and social agendas and the relevance to their markets/customers.

Further, to secure a significant level of support from a national corporation, it is important to understand the corporation's key business partners at a local level (i.e., retailers, distributors, franchisees, etc.) and to create programs and benefits that add value to these relationships.

National non-profit organizations can provide intermediary support (i.e., programming, training, infrastructure and start-up support) that will facilitate fundraising and programming at a local community level.

Working with other community-based organizations can raise the local profile of affordable housing and the homeless housing needs of the community.

✓ Build Community

Affordable housing projects that address the housing and social needs of a remote rural community, specific ethno-cultural group, or a religious congregation are likely to receive philanthropic support from within their constituency.

"Grassroots" campaigns in smaller communities are an important means of raising money and mobilizing support for projects that are seen to be a new asset to the community.

✓ Raise Funds and Fundraise

A variety of funding sources, including government, are key to the success of most affordable housing projects. Government grants and "matching funds" help leverage local philanthropic contributions from a community.

An association with a "core" financial services partner can also provide essential financial leverage. In addition, some financial institutions may consider providing mortgage financing at favorable (i.e., below market) interest rates if the project is consistent with the priorities of their corporate philanthropy program.

In some communities where property values are very low and resale unlikely, property owners can be interested in selling their properties in return for a tax receipt. In addition, members of a community may be willing to provide personal financial guarantees to assist a sponsor in obtaining financing from other sources.

Donations of free services can be as valuable as cash donations. Community support can be provided through "in-kind" donations of materials and supplies that can reduce project costs. In addition, there can be significant value in "sweat equity" (free volunteer labour).

In order to raise philanthropic support, organizations require a level of administrative infrastructure that, at the basic level, includes trained and experienced staff, office space, and information technology. In addition, most successful campaigns for large projects also involve the use of paid fundraising consultants.

✓ Be Realistic

Perseverance is essential, especially for large projects—even established organizations that have strong relationships with influential corporate and community leaders need to be realistic about how long it will take to raise significant funds.

Structure of the Report

The first four parts of the report provide readers, particularly sponsors of affordable housing projects, with a detailed situational analysis that includes an overview of affordable housing in Canada, an examination of the charitable sector and the donor community, and a look at the tax implications of donations to charities and non-profits. The fifth part of the report, entitled *A Sense of Direction*, is intended to help policy-makers and affordable housing sponsors by illustrating a new approach to the issue that weaves together broad societal initiatives and local programming.

Appendix I contains thirteen case studies that illustrate how affordable housing sponsors have been able to secure the funding required to develop successful projects.

In addition, there are three case studies that show how other non-profit organizations have been able to raise their profile and generate funding in support of different social issues.

Appendix II is intended to help sponsors of affordable housing evaluate the potential for fundraising in support of their projects by providing an overview of what is required to undertake a successful fundraising campaign.

Appendix III complements the previous appendix by outlining the chronological steps for successful fundraising.

Appendix IV contains a detailed examination of planned giving—one of the most important new, and potentially advantageous, fundraising initiative that is slowly emerging as a fundraising opportunity for Canadian charitable organizations.

Background Overview

This section of the report provides a brief overview of the challenges facing organizations wishing to create new affordable housing in an era of public sector budget constraint. With limited public sector financial support for new affordable housing production, affordable housing sponsors are seeking alternative ways and means of securing financial support form non-traditional sources in order to address such projects' "funding gap." This section describes the new, emerging public-private partnership approach for creating such housing, an approach which is being facilitated through CMHC's Canadian Centre for Public-Private Partnerships in Housing. It also outlines the range of alternative measures which can be employed to secure financial support.

Affordable Housing in Canada Today

There can be little doubt of the increasing need for affordable housing in Canada today. With governments facing a continued need to exercise budget restraint, funding for new affordable housing projects is severely constrained. In such an environment, sponsors of non-profit housing projects have to find new ways to meet the needs of their constituencies.

The notion of philanthropic support for the construction of affordable housing is relatively novel to most Canadians. Accustomed to the broad reach of Canada's social safety net, most Canadians likely assume that governments continue to make adequate provisions for the production of new affordable housing across the country. Raising the public's awareness of this change and the need for the general public's direct support will be central to the sector's ability to raise money through charitable contributions.

Alternatives, however, do exist. While some non-profits are soliciting funding directly from donors, others are finding new relevance in strategic partnerships with both the public and private sectors. By forming alliances they're gaining new support for their initiatives. Those interested should read the Canada Mortgage and Housing Corporation's *Guide to Affordable Housing Partnerships* for a better understanding of how this is happening.

With all of these changes comes a new approach or paradigm entailing a shift away from public-sector funded "social housing" programs and policies towards the creation of "affordable housing" through the use of public-private sector partnerships.

The Difference Between "Social" and "Affordable" Housing

It is important to note the distinction between "social housing," and "affordable housing," and, most specifically, a distinct subset of the latter: "affordable housing for lower to moderate income households."

In general, the term "social housing" involves the payment of ongoing subsidies by governments to supplement the rents paid by tenants which are usually set at or below the core-need housing threshold levels (i.e., households where no more than 30 per cent of household income is being spent on shelter and utility costs). Such ongoing financial assistance is required because the affordable rents charged to social housing tenants are not sufficient enough to offset a project's operating and mortgage carrying costs.

The term "affordable housing" usually means that a project's development and/or financing costs have been lowered from what they would otherwise have been as a result of initiatives aimed at lowering the cost of creating the units and/or contributions of land, goods, services or funding from other sources. Ongoing rents paid by tenants in these housing projects are sufficient to fund the project's operating and carrying costs without the need for ongoing subsidies. It is apparent, however, that affordability is a relative measure and is heavily dependent on two factors; first, the income levels of tenants, and second, on the extent to which a project's development and/or financing costs have been permanently reduced thanks to the financial support of others. Housing which is affordable for households at a certain income level would not necessarily be considered affordable housing for households at lower income levels.

There is a clear need to develop a new approach to support the creation and provision of affordable housing in Canada. Organizations interested in meeting the affordable housing needs of their communities are increasingly seeking to establish partnerships, access support from others, and implement innovative new financing measures in order to lower the operating and carrying costs of housing projects and thus eliminating the need for ongoing housing subsidies.

Affordable Housing Need in Canada

A recent Canada Mortgage and Housing Corporation (CMHC) analysis of the 1996 Census found that the extent of core housing need[1] has increased significantly since 1991, mainly due to diminishing incomes of lower and moderate income households, most of which are renters. Analysis of the 1996 data indicated that 1.7 million non-native households experienced what is termed "core housing need" in 1996; this figure represents approximately 18 per cent of all non-native households in Canada. As these households had incomes averaging slightly more than $16,000 a year in 1995, housing affordability was the largest single cause for their need of core housing. Over 90 per cent of them were spending 30 per cent or more of their income on shelter.

CMHC's analysis also indicated that native households not living on reserves were even more likely than non-native households to be in core need: 31.6 per cent of native households living off-reserve were in core need in 1996, as compared to 17.6 per cent of non-native households.

A New Approach to Facilitating the Production of Affordable Housing

Concurrent with the cessation, in 1993, of the federal government's sponsorship of the creation of new social housing and the parallel curtailment of related provincial funding in many jurisdictions, the federal government shifted its focus from directly subsidizing the creation of "social" housing to facilitating, encouraging and fostering the provision of affordable housing through public-private partnerships. The chief example of this new direction was the formation within CMHC, in 1991, of the Canadian Centre for Public-Private Partnerships in Housing (CCPPPH), established as the vanguard and facilitator of this new approach.

CMHC's *Guide to Affordable Housing Partnerships* succinctly describes the emerging paradigm with regard to the creation of affordable housing in Canada. In the past, affordable housing, especially social housing geared to low and moderate income households, was developed primarily through federal and provincial programs with well-defined funding formulas and administrative criteria. Today, only a limited number of programs are available across Canada to subsidize the construction of new housing or to renovate existing dwellings.

Many organizations are looking at new ways of delivering affordable housing without ongoing federal and provincial assistance. Partnerships amongst organizations are an important aspect of this new approach. These new housing partnerships often use innovative financing mechanisms, share resources, bring together many different organizations, leverage existing equity in land and/or buildings, and sometimes use innovative tenure arrangements.

The federal government is in the process of working out arrangements with provinces and territories for them to take over management of existing social housing built under federal housing programs over the past 40 years. Bilateral agreements between the federal government and a provincial or territorial government often include a provision that enables savings achieved in managing existing social housing to be applied to renovating and upgrading such housing and/or to provide funding for new programs. Municipalities are beginning to re-emerge as important players in the housing field as they are often in a position to bring together different parties, frequently have access to land, and can use land use planning controls to encourage affordable housing.

In the United States, the system of delivering housing through a partnership approach is much more evolved than it is in Canada. A recent CMHC study, *The Role of Public-Private Partnerships in Producing Affordable Housing: Assessment of the U.S. Experience and Lessons for Canada*, describes how this system, developed since the mid-1980's with support from the tax credit system, community investment, public policy support encouraging lending institutions' participation, and funding from all levels of government, help distressed neighbourhoods. This report concluded that philanthropic organizations such as foundations were critical participants in the development of the public-private partnership affordable housing system in the U.S. While not all features of the U.S. system are either desirable, appropriate, or fit Canadian circumstances, a similar, "made in Canada" approach to partnerships is slowly evolving in response to the growing need.

The evolution of this new Canadian paradigm is not to suggest that the federal government and CMHC are no longer involved in the housing field. Through CMHC, the federal government continues to play its traditional role of providing mortgage insurance for individual home purchasers and for rental housing developments. The federal government continues to fund existing social housing through an annual contribution of approximately $2 billion. CMHC also funds a number of other programs and special initiatives such as the Residential Rehabilitation Assistance Program (RRAP), as well as an extensive research and information transfer program.

Through the Canadian Centre for Public-Private Partnerships in Housing (CCPPPH), CMHC has been the vanguard in supporting groups that are interested in developing affordable housing through the partnership approach.

CMHC and the Partnership Centre

CMHC's Canadian Centre for Public-Private Partnerships in Housing (CCPPPH) promotes and facilitates partnerships to increase the supply of affordable housing. The Centre gives advice on legal, financial and regulatory solutions, experiments with new financing and tenure agreements, and disseminates information on successful practices.
The Centre actively seeks out partnerships, especially at the grassroots level, with such organizations as existing non-profit agencies who were previously involved in the provision of social housing, faith groups, ethnic and cultural groups, charitable organizations, builders, developers and municipalities. Between 1991 and 1998, the Centre's support led to the development of more than 180 projects, with more than 10,000 units of affordable housing for seniors, families, single persons, and people with disabilities.[2]

The Centre provides a number of tools to assist in developing affordable housing including:

- "best practices" guides;
- partnership research;
- "one on one" consultation and expert advice;
- a vast network of potential partnership leads;
- interest-free Proposal Development Funding (PDF) loans; and

- facilitating access to mortgage insurance, allowing groups to access low-cost housing financing

Over the last few years, CMHC has been involved in a *Homegrown Solutions* partnership initiative with the Canadian Housing and Renewal Association (CHRA), the Canadian Home Builders Association (CHBA), the Federation of Canadian Municipalities (FCM), and the Co-operative Housing Federation of Canada (CHF). Since 1997, this initiative has provided seed money of up to $20,000 per applicant for demonstration projects that encourage and support community partnerships to address local housing needs.

Sponsors of Affordable Housing Initiatives in Canada

Historically, housing owned either by non-profit housing corporations or co-operatives was subsidized by the public sector in response to the need for affordable housing. This form of affordable social housing today represents approximately two per cent of the total social housing stock in Canada.[3] Today, initiatives are being pioneered not only by the industry's traditional players, but by new arrivals on the scene as well.

Non-profit organizations

Community-based non-profit and co-operative housing organizations lie at the core of Canada's social housing system. Federal and provincial housing agencies have historically relied extensively on these organizations to deliver housing programs and services.

Without government funding programs to deliver new social housing units, many organizations have turned their attention to creating affordable housing without ongoing financial assistance from the public sector.

Local groups have met with some modest success in producing housing through the following means:

- capitalizing on existing resources such as land already owned by non-profit groups (including underutilized sites of existing social housing);
- by using land donated or provided on a leasehold basis by benefactors or municipalities or, in some well-organized ethnic communities, by mounting fundraising initiatives to raise capital. Only some of these non-profit organizations, however, have been registered charities able to issue income tax receipts for donations made in support of these programs.

The Role of Municipalities

Municipalities have played a relatively small role in the delivery and administration of federal and provincial or territorial housing programs. Relatively few municipalities have separate housing programs in place. Municipal housing policies and standards for the development and maintenance of housing, however, are common.

A number of the larger municipalities have established subsidiary non-profit housing corporations as agencies to deliver and operate municipally-owned housing developed with funding provided by federal and provincial programs.

Some municipalities have embarked on initiatives aimed at stimulating affordable housing production by easing regulatory constraints, reducing development charges, and, in some cases, providing land and loan guarantees to help developments take place.

Other key initiatives to produce affordable housing consist mainly of searching for new sources of funding and financing (to fill the void of non-subsidy programs) and forming joint ventures. Initiatives aimed at serving people with lower income levels have typically required donations of land (from a municipality or a faith-based organization) and some level of fundraising.

Canadian Charitable Organizations

In addition to the non-profit organizations that have traditionally been associated with affordable housing, there are many registered charities that also build housing for specific populations in Canada. These include religious organizations, social service providers, and hospitals. Some of the populations they serve include seniors, at-risk-youth, consumer-survivors, and women.

These charitable organizations tend to have an interest in addressing social issues beyond housing and can often bring additional networks and skills to the housing sector.

Some have relationships with donors, issue tax receipts, and have the necessary skill and organizational structure to broker additional partnerships and attract philanthropic contributions.[4] In the new "post-program" environment, these players may be better positioned than many of the traditional social housing providers, many of whom have neither charitable status nor broad networks of influential corporate and community leaders.

The case studies profile some of the more progressive organizations including the VanCity Community Foundation, Raising the Roof, and some well-organized faith based groups.

Independent Partnerships among Corporations, Foundations and Municipalities

A few non-profit housing organizations in Canada have developed partnerships with corporations, foundations, and municipalities to support affordable housing. The majority of these partnerships, however, have been relatively small-scale in nature. In addition, many partnerships involve provincial or municipal governments. However, many of the units produced by these partnerships are offered at market rents and are not able to serve lower to moderate-income households.

The Affordable Housing "Funding Gap"

The affordable housing "funding gap" refers to the shortfall in project revenues and costs, a gap formerly filled by ongoing public sector funding. It is useful to illustrate the nature and magnitude of this gap. This requires a brief overview of the project underwriting and financing process.

When a housing project is developed it is typically funded with a combination of mortgage financing and equity. In former social housing projects, 100 per cent of the project's capital cost was financed and an ongoing subsidy was typically provided by the public sector. Such ongoing financial assistance was required because the affordable rents charged to social housing tenants were insufficient to offset their share of a project's operating and mortgage carrying costs.

The current approach to project funding, which does not depend on ongoing project support, represents a significant change and a significant challenge for affordable housing providers.

One of the critical differences between the financing of the traditional social housing project and those of the new affordable housing model is that projects are assessed on a lending value, rather than at cost.

For most new rental developments, the value (i.e., how much the completed property would sell for to another investor) is significantly less than the cost of the project. The lending value is determined by the anticipated future net income of the project and the investors' expected rate of return—a so-called capitalization rate. Since mortgage insurance, which enables projects to be financed at favourable lending rates, is only available up to and including 85 per cent of the project's lending value, the difference becomes significant.

In a strong housing market with high demand, capitalization rates will tend to be lower because future income growth is strong. In weaker markets and for poorly located properties, capitalization rates will be high, discounting for future revenue growth. Capitalization rates have recently varied in the 6.5-12 per cent range. For illustrative purposes here, a rate of 9.0 per cent is used, which approximates the lowest rate typically accepted by the CMHC for multiple project mortgage insurance underwriting.

The exhibit below illustrates a small development—a four-unit extension to an existing non-profit property. The total cost is $390,000. Before debt service, the project generates a net operating income (NOI) of $22,218. Based on this income, and the assumed cap rate of 9 per cent, however, the market would value the property at only $253,500 ($22,818/.90) —compared to its construction cost of $390,000.

Illustration of the "Funding Gap"

Project: A four-unit extension to an existing non-profit Project

Project Development Costs Project Financing

	Project	Per Unit
Land	40,000	10,000
Equity	175,213	43,803
Construction Costs	337,500	84,375
Financing	215,500	53,875
Subtotal	377,500	94,375
GST	13,213	3,303
Mtg. Ins. Fee	10,775	2,694
Total Costs	**$390,713**	**$97,678**
Total Financing	**$226,275**	**$56,569**

Annual Revenues, Costs, and Cash Flow in Year One

Revenues:	
Rental Income	36,720
Other Income	2,400
Vacancy Allowance	(782)
Gross Income	**$38,338**
Operating Costs:	
Maintenance and Operations	8,320
Property Taxes	7,200
Total Operating Costs	**$15,520**
Net Operating Income	**$22,818**
Mortgage Payments:	
Principal	1,686
Interest	15,012
Total	$16,698
Cash Flow	**$6,119**

Lenders with CMHC mortgage insurance will not lend more than 85 per cent of the lending value, so the maximum insurable loan on the project would be $215,000. This means that the proponent must find some way to fund the difference between the cost of building and the maximum loan—a full $175,000. Assuming, for example, the proponent already owns the land, as the project is an extension to an existing non-profit property valued at $40,000, the "funding gap" would still be $135,000.

The above example reflects market rents. If the project is to serve lower to moderate income households, however, lower rents would be required. Reducing rent revenues, however, also reduces a project's net operating income and results in a lowering of the valuation while increasing the magnitude of the "funding gap."

This illustration clearly identifies the nature of the "funding gap," which, in this example, leaves a significant sum to raise. Moreover, this a relatively small addition. The construction of a new project with 30–50 units would involve capital costs of $2.5 to $5 million and would require additional financial support approaching $1–3 million.

The size of the funding gap obviously depends on a large number of variables including: the size of the project (i.e., the number of units), the income levels of the project's proposed tenants, as well as the availability of project support to address the "gap" itself. Reducing the "funding gap" represents the most serious challenge to housing providers and underlies their efforts to access other potential sources in the philanthropic sector.

As the case studies will further explore, except in very rare cases, philanthropic support alone cannot fill this "gap."

Alternative Means of Closing the "Funding Gap"

There are a number of options for affordable housing sponsors to consider when trying to reduce project development costs and close the funding gap, including:

- funding available under new housing initiatives
- obtaining federal government housing program support through such means as:
  - funding available under the Residential Rehabilitation Assistance Program, some of which is cost-shared with some provinces
    and
  - interest-free project planning funding available under CMHC's Project Development Funding program
- acquiring and rehabilitating existing housing which is usually less expensive relative to the cost of constructing new housing
- obtaining municipal government support through such means as:
  - the reduction and/or waiver of certain property development levies, fees, charges, transaction costs and taxes
  - the donation and/or sale of land at below market prices
  - the provision of community development grants
- obtaining provincial government support through such means as:
  - initiating housing trust funds with dedicated funding sources
  - efficiency savings generated by the transfer of federal/provincial social housing transfer to the provinces;
- encouraging the use of "free labour" from various community support groups and volunteers obtaining philanthropic support either in the form of cash donations as well as free and/or reduced in price land or "in-kind" goods and services from individuals, local businesses, philanthropic foundations, religious groups, other charitable organizations and corporations; and
- accessing financial support available under a variety of public sector programs unrelated specifically to the provision of housing (i.e., manpower training programs, community economic redevelopment initiatives).

Despite the range of potential ancillary support, producing affordable housing without the ongoing long-term subsidy support of governments is still in its relative infancy in Canada, with many of the above measures and approaches not being readily available to all affordable housing sponsors. Even in locales where such support is being provided, there are obvious limitations on the magnitude of support available that can be supplied both in total and to each project. Such limitations constrain not only the number of projects which can be supported, but also the extent to which sponsors are able to provide housing to those most in need—the lower to moderate income households.

Summary

The affordable housing "funding gap" presents an enormous challenge to the non-profit and co-operative housing organizations that the government has relied on to deliver housing programs and services.

Although there are examples of successful affordable housing partnerships, for the most part these organizations simply do not have the means to close the "gap" or to address the housing needs of lower to moderate income households. As a result, very little of this kind of affordable housing is being built by the traditional providers.

The case studies in Appendix I reveal that there are three categories of affordable housing projects that are successfully being developed. In each category, philanthropic support played an important, but not exclusive part, of the funding mix.

- **Communities of Interest**—Projects that address the housing needs of a specific community of interest such as a small rural community, or a religious congregation.
- **Unique Circumstances**—Projects that are achievable because of one or more unique elements that make fundraising a viable way of securing revenue: small scale, long-term timing, availability of "sweat equity," or availability of in-kind donations.
- **Social Issue or Population Group**—Affordable housing projects that address the needs of a social issue or population group: seniors residence, AIDS hospice, housing for individuals with mental health disabilities, to name a few.

An important and emerging aspect of affordable housing development has been the role of charitable organizations, in particular large charitable organizations. These organizations have long-standing relationships with influential corporate and community leaders and the experience and resources required to conduct capital campaigns for new housing facilities. To a very large degree, these organizations have taken on the responsibility of providing housing to their respective communities' most visibly needy.

As governments at every level focus on deficit reduction, charitable and non-profit organizations have increasingly borne the added responsibility of providing social services formerly assumed by governments. Indeed, the "Third Sector," is emerging as a critical force in Canadian society and one that plays a key role in creating and mobilizing social capital.[5]

The discussion below shows that Canada's charitable sector varies widely across the country, not only by the type of services offered, but also by the depth of service and the variety of fundraising initiatives.

At the local level, established charitable organizations that support health and welfare causes are good candidates for building partnerships and raising philanthropic support for affordable housing.They have long-standing relationships with key players in their communities, are able to raise money in a cost-effective manner, and they may also be best positioned to play a brokering role in locally-based efforts to build affordable housing.

It should be remembered, however, that most charitable organizations are small and relatively few have the professional, administrative, and volunteer capacity needed to raise the significant funds required to build an affordable housing project in an increasingly competitive environment.

The Importance of Charitable Organizations in Canada

Canadians rely on more than 75,000 registered charities to provide everything from health services, education, and museum exhibits, to shelter for refugees, to baseball games for disabled children. In 1994, an estimated $90 billion plus passed through these registered charities, accounting for approximately 12 per cent of Canada's Gross Domestic Product (GDP).

The charitable sector's labour force, moreover, consists of some 1.32 million Canadians, or 9 per cent of Canada's labour force in 1993. These workers were paid an estimated $40 billion in salaries and benefits, or roughly 10 per cent of total labour income in Canada.[6]

Key Characteristics of the Charitable Sector in Canada

The Distribution of Canadian Charitable Organizations by Type of Charity

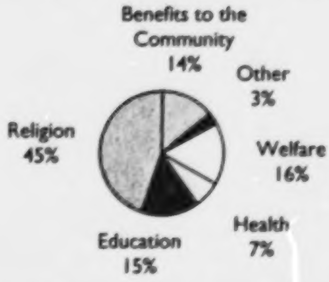
Based on the type of charity (as designated by Canada Customs and Revenue Agency), the vast majority of registered charities (91 per cent) were charitable organizations; the remaining nine per cent of Canadian charities were almost evenly split between public foundations (5 per cent) and private foundations (4 per cent).

The Distribution of Registered Canadian Charitable Organizations by Sector

As noted in Figure 1 below, nearly half of Canada's charities (45 per cent in 1991) were classified as "religious organizations," including congregations, parishes and missionary organizations.

A further 16 per cent were classified as "welfare" organizations, followed by "education" (15 per cent), "benefits to the community," including libraries and museums (14 per cent), and health bodies (7 per cent).

Figure 1: Distribution of Registered Charitable Organizations by Sector, 1991



Source: A Portrait of Canada's Charities, Canadian Center for Philanthropy, 1991

The Variation of Charitable Sectors by Province

Important variation also occurs among different types of charities across Canada. In examining 14 distinct types of charities, and using Quebec and Newfoundland as examples, fully 59 per cent of the latter provinces' 1,029 charities were places of worship, compared with only 25 per cent in Quebec. The figure for Canada was 36 per cent.

With regard to "social service" charities, only 9 per cent of Newfoundland's charities were provided this service, compared with 23 per cent in Quebec and 14 per cent for Canada overall.

It is important to note here that no separate category exists for "housing" and related services; these services are included in the "other" category, which made up only 2 per cent, or just over 1,000 of Canada's registered charities.

Regional Variations in Charitable Organizations Across Canada

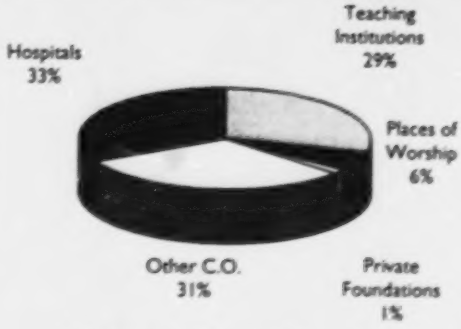
The regional distribution among registered charities, as of 1994, shows a notable variation as well. For example, in the Yukon, in 1994, there were 4.3 charities for every 1,000 people, compared with 2.4 charities for Canada as a whole.By contrast, both Newfoundland and Quebec had 1.8 charities per 1,000 people.

With regard to charitable revenues per 1,000 people, theYukon again came out on top with $6,024; in contrast, its neighbour NWT had only $1,170. The average for Canada was $3,075 per 1,000 people.

Share of Revenue of Canadian Charities

There are significant differences in how Canadians choose to support different types of charities. A few large charities receive the majority of the revenue in the sector. For example, as depicted in Figure 2, 33 per cent of revenues went to hospitals and 29 per cent went to teaching institutions, which, together, comprise only five per cent of all registered charities.

Figure 2: Shares of Sector Revenues by Type of Charity



A Portrait of Canada's Charities, Canadian Center for Philanthropy, page 15

Another 31 per cent of national revenues went to "other charitable organizations," which included health, welfare and education functions.

Of particular note, while more than a third of all registered charities are places of worship, they received only 6 per cent of all revenues across the country.

Distribution of Charities' Revenues by Revenue Category and Charity Type

In 1994, The Canadian Centre for Philanthropy (CCP) published a study entitled "A Portrait of Canada's Charities", which found that revenues among Canada's charities are not evenly distributed.

For example, nearly half of Canadian charities reported revenues of less than $50,000 and another one-third reported revenues of $50,000 to $249,000. A further 19 per cent reported revenues of $250,000 or more and only two per cent had revenues of $5 million or more.

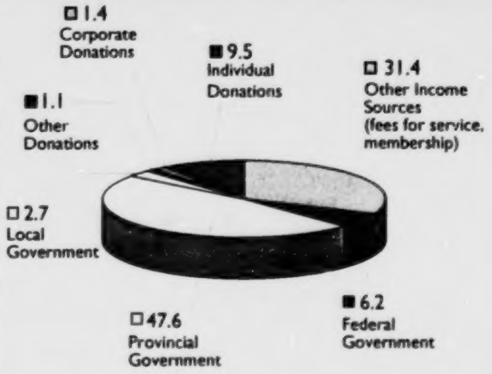
Among the organizations with lower revenues, places of worship stood out: 69 per cent of them reported revenues of less than $250,000 and only 0.1 per cent reported revenues of $5 million or more. By contrast, more than one third of hospitals surveyed reported $5 million or more in revenues and nearly two thirds showed revenues of at least $1 million.

Sources of Revenue—Government Plays an Important Role

As depicted in Figure 3 opposite, government is the single most important source of revenue for Canadian registered charities. Canadian charities received well over half (56 per cent) of total funding from various levels of government. In other words, governments have given almost $6 to charities for every dollar donated by individuals, corporations and foundations. Government grants, furthermore, represented 14 per cent of all government spending in 1993.

Of the three levels of government the provincial levels provided the highest amount of funding, comprising 48 per cent of all charity revenues and 84 per cent of all government funding for charities.

Figure 3: Charitable Funding Sources By Sector



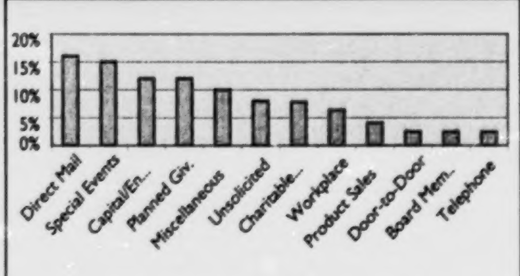
Source: A Portrait of Canada's Charities, Canadian Centre for Philanthropy, 1994 p.20

Major Fundraising Methods: How Registered Charities Obtain Financial Support

As part of a major research project, the Canadian Centre for Philanthropy surveyed approximately 3,500 registered charities in 1995.[7] Included in this survey were a series of questions probing the effectiveness of fundraising methods and the revenues they generated. The researchers were also looking for correlation between the methods and the charities themselves. These findings are summarized below.

CCP's survey found that Direct Mail solicitations accounted for the largest percentage of funds raised (i.e., 16 per cent), followed by Special Events (15 per cent), Capital/Endowment (12 per cent), Planned Giving (12 per cent) and other miscellaneous methods (10 per cent) as depicted in Figure 4 on next page.

Figure 4: Percentage of Revenues Raised by Fundraising Method



Source: Canadian Centre for Philanthropy, 1995. Research Bulletin Vol.2

CCP's study also revealed that the nature and types of fundraising approaches used by charities differed between charitable sectors. Salient findings of note include:

Art & Culture—The fundraising methods that these organizations report using most frequently are: Special Events (74 per cent), Charitable Gaming (49 per cent), Product Sales (46 per cent), and Direct Mail (42 per cent).

The activities that provide the largest percentage of fundraising revenues are capital and endowment campaigns (43 per cent), Direct Mail (14 per cent), Special Events (12 per cent), Charitable Gaming (8 per cent), and Product Sales (8 per cent). Capital and endowment campaigns are reported by only a small number of arts and culture organizations (15 per cent) yet account for a substantial percentage of this group's overall fundraising revenues (43 per cent). These results are primarily attributable to the large capital and endowment campaigns of three or four prominent groups. Arts & Culture organizations are the least likely of all charity types to engage in Door-to-Door canvassing or Workplace campaigns.

Community Benefit—Community Benefit organizations (which include recreation, service clubs, and civic & advocacy organizations) most frequently report using Product Sales (55 per cent), Special Events (50 per cent), and Charitable Gaming (47 per cent). One quarter of all funds were raised through an assortment of other fundraising methods (e.g., gifts-in-kind, sponsorships, etc.). These approaches were followed by Special Events (19 per cent), Charitable Gaming (13 per cent), and Product Sales (10 per cent). Compared to other types of charities, Community Benefit organizations are the least likely to engage in Direct Mail solicitations.

Education—Education charities include schools, universities, and colleges). For these organizations Special Events (57 per cent), Product Sales (50 per cent), and Direct Mail (43 per cent) are the three most frequently reported fundraising activities.

In this category, the single largest source of fundraising revenue is from capital and endowment campaigns. These campaigns accounted for 17 per cent of all funds raised despite being reported as a fundraising method by only 17 per cent of the total group. Special Events generated the second largest percentage of revenues (16 per cent), followed by Planned Giving (13 per cent), Miscellaneous activities (12 per cent), and Direct Mail (10 per cent). Although fundraising via Product Sales is reported by half of the Education charities, it only accounts for 4 per cent of all funds raised.

Education charities are second only to hospitals in the percentage that report Planned Giving (25 per cent), and capital and endowment campaigns (17 per cent). A greater percentage of Education charities report using Telephone solicitations than any other charity type.

Hospitals—No other charity type reports as much involvement in so wide a variety of fundraising activities as do Hospitals. The most frequently reported fundraising methods for Hospitals are Special Events (78 per cent), Direct Mail solicitations (60 per cent), and Planned Giving (52 per cent). For Hospitals, most funds are raised through direct Mail (17 per cent), capital and endowment fundraising (17 per cent), Special Events (16 per cent), Unsolicited Donations (16 per cent), and Planned Giving (15 per cent). Hospitals are second only to Education charities in the extent to which they report using Telephone solicitations.

Health—Health charities include nursing homes, mental health clinics, and organizations that provide public health and wellness education.

These organizations most frequently report using Special Events (66 per cent), Product Sales (40 per cent), Charitable Gaming (40 per cent), and Direct Mail solicitations (35 per cent). Planned Giving is the largest source of funds for Health charities and accounts for 20 per cent of all funds raised. Special Events and Direct Mail are also among the largest sources of revenue for Health charities. Health charities are among the three types of charities that most frequently report using Special Events.

Social Services—Social Service charities include welfare and emergency relief organizations. Among these organizations, Special Events (56 per cent), Charitable Gaming (48 per cent), Direct Mail (38 per cent), and Product Sales (36 per cent) were the four most frequently reported fundraising methods. Workplace campaigns, however, are the largest source of funds raised (16 per cent of all revenues) despite being reported by only 27 per cent of Social Service charities. Other important sources of revenue include Charitable Gaming (14 per cent), Special Events (14 per cent), and Direct Mail (14 per cent). Social Service charities are more reliant on revenue from Charitable Gaming and Workplace campaigns than most other types of charities and are among the least likely to engage in Planned Giving, and capital and endowment fundraising.

Other Charities—The fundraising methods reported most frequently by "Other" charities were Direct Mail (56 per cent), Special Events (54 per cent), Charitable Gaming (33 per cent), and Product Sales (29 per cent). Direct Mail solicitation accounts for more of the Other charities' fund raising revenues (23 per cent) than any other activity. Planned Giving and Special Events are the second most important sources of fundraising revenue followed by Unsolicited Donations (9 per cent), Workplace campaigns (8 per cent), and Door-to-Door canvassing (7 per cent). Compared to the other charity types outlined above, Other charities are the most frequent to report using Direct Mail, and among the least likely to rely on Charitable Gaming and Product Sales.

On the other hand, they raise more of their funds through Direct Mail than do most other types of charities.

Fundraising Methods for Sponsors of Affordable Housing

For sponsors of affordable housing, the choice of the most appropriate fundraising vehicle or vehicles is dependent on a thorough analysis of the individual situation/environment that takes a number of key factors into consideration.

These are as follows:

Relationships with influential corporate and community leaders—Only sponsors who have established relationships with leaders in their community can successfully undertake capital campaigns. The success of these campaigns is almost solely dependent on the ability of these key volunteers to make major gifts to the campaign and to use their leverage to encourage major gifts from others.

Location—Many affordable housing projects are located in rural areas or parts of Canada that have little or no corporate presence. In these situations corporate donations and sponsorships are difficult to secure—corporate decision-makers are usually motivated to support only community projects that have a clear benefit to their employees and customers. Sponsors of affordable housing projects in rural areas are more likely to achieve success by using fundraising techniques that actively involve the community such as Door-to-Door canvassing, and Special Events. Conversely, projects that are located in urban areas with a greater concentration of corporations and foundations are more likely to attract support from these sources.

Level of Public Funding—An organization's ability to attract support from corporations, foundations, and individuals is significantly enhanced after securing funding from local, provincial, or federal governments. From the donor perspective, the public funding adds an invaluable level of credibility to the project and donors are almost always willing to contribute more to a project or cause that has secured funding from a variety of sources including the public sector.

Scale of project—The cost of an affordable housing project may influence how the money is to be raised. For example, Door-to-Door canvassing and Special Events may generate enough to finance a small affordable housing project. The scale of large projects, however, almost certainly means that in addition to securing public funding, the sponsor will need to approach corporations and foundations.

As noted above, the likelihood of actually securing philanthropic gifts from these sources will be almost entirely dependent on a sponsor's ability to involve corporate and community leaders as volunteers.

Timing of project—Raising funds for any project or cause is time-consuming and success is achieved by understanding that the reality of the donor's decision-making comes before the needs of the project. For example, corporations establish and allocate budgets many months in advance of the beginning of their fiscal year. As a result, approaching a corporation in January for a contribution in March is not as effective as making the solicitation in September for a donation in the following year. If funds are required quickly, other fundraising methods such as Special Events, Door-to-Door canvassing and Direct Mail must be considered. Even so, each of these tactics will take time and money to develop and execute.

After the factors outlined above have been taken into consideration and understood, a realistic plan that addresses the specific realities and challenges of the project must be developed. This plan will become a blueprint for project administrators and volunteers so that the right mix of fundraising activities are coordinated and integrated for maximum effectiveness.

Operational Costs, Time and Effort in Fundraising

According to the Canadian Centre for Philanthropy, the average cost of fundraising as a proportion of monies raised is 26 percent; half of the charities it surveyed reported fundraising costs of 12 per cent or less of revenues raised. It is important to remember that these statistics represent organizations that most often employ a mix of fundraising initiatives, some of which are more cost-effective than others. As a general rule, the cost of raising money is proportionate to the level of personal involvement of volunteers as fundraisers. For example, Direct Mail fundraising is far more cost-effective than Door-to-Door canvassing.

Staging Special Events can be very expensive and are often not an overly cost-effective means of raising funds. The active participation of volunteers to sell tickets and secure sponsorships and in-kind contributions can significantly improve the cost-effectiveness of a special event.

An organization's ability to involve volunteers, and therefore raise funds in a cost-effective manner, is also related to its longevity. Older charitable organizations are more likely to have built networks of volunteers than newer organizations and projects. In this respect, sponsors of affordable housing projects are at a considerable disadvantage over charitable organizations such as hospitals and educational institutions.

The Use of Fundraising Consultants

While Canadians tend to hold a negative view of private fundraising consultants, the survey found that 19 per cent of charities (particularly larger charitable organizations) had used a paid fundraising consultant in the last five years. Of these, five percent had a percentage-based consulting arrangement, while 13 percent reported a flat-fee arrangement. Little regional variation as to use of consultants occurred among different types of charities, although Ontario and B.C. charities were much more likely than others to have used a consultant. Consultants were most likely used for direct mail campaigns, special events, telephone campaigns and capital endowment campaigns.

With regard to the appropriateness of using fundraising consultants for direct support of affordable housing initiatives, the following points are made:

- Consultants are recommended for capital/endowment campaigns. Consultants are able to add value to aproject by providing a variety of essential services including undertaking an initial feasibility study, preparing a compelling "case" for support, developing the fundraising plan, providing training for key project administrators and volunteers, writing templates for corporate and foundation proposal, and accompanying volunteers and staff on solicitation calls.
- "Flat-fee" arrangements are recommended over "percentage-based" arrangements, as the latter can prompt unethical behavior among consultants, which can damage the reputation of the associated charity; and strict adherence to ethical fundraising methods (as defined by the National Society of Fundraising Executives) as well as transparency of purpose should be followed.

Summary

Charities play an integral part in Canada's social fabric and quality of life, accounting for about one eighth of GDP. Canada's charitable sector is strongly represented overall by faith-based organizations, followed by welfare and educational agencies.

The distribution of charities by the predominant type of work that they perform varies widely across the country, as does the concentration of charitable organizations.

Funding of charitable organizations in Canada also leans heavily towards hospitals and teaching facilities, although they represent a relatively small proportion of Canada's charities; likewise, faith-based organizations received a relatively small proportion of overall revenues, although they represent a larger proportion of charities. Government revenues, in the form of grants and fees for service, accounted for about three of every five charitable dollars received. Government funding also favoured the important role of hospitals and teaching institutions.

In terms of specific fundraising methods, although there are a broad range of options that are used by charities across Canada, for sponsors of affordable housing, the specific mix of initiatives is highly dependent on a realistic and thorough assessment of each project.

It should also be noted that fundraising consultants, particularly for larger campaigns, can provide a number of important services to charitable organizations and are particularly valuable in assisting with the capital campaigns required for new facilities including affordable housing projects.

At this point, we turn to an examination of the donor sector and implications for charitable support for affordable housing in Canada.

The Donor Community in Canada

Charitable giving serves an essential purpose in Canadian society. It improves the quality of life of the beneficiaries of charitable donations; it provides a vehicle through which individuals can express their ideals and values; and it enables many charitable and non-profit organizations to provide the services that are so important to the well being of individuals and their communities. In 1997, approximately 21 million Canadians made either financial or in-kind donations to charitable organizations.

This section of the report will build on what we've learned so far, extending our investigation by considering in detail the donation patterns of individuals, corporation, and foundations and how they relate to the support of affordable housing.

Non-Government Funding Sources to Charities

The vast majority of non-government funding for charities in Canada comes from individuals. Charitable giving by individual Canadians—as a proportion of total, non-government charitable funding—rose dramatically from 73 per cent in 1983 to 81 per cent in 1986 and has hovered in the 80-82 per cent range since then.[8] Donations from foundations, as a proportion of overall giving, have declined slightly between 1983 and 1996 from 9 to 7 per cent. Likewise, corporate giving has declined proportionally, though more dramatically, from 18 per cent in 1983 to 11 per cent in 1996.

Donations by Individual Canadians

The incidence of individual charitable giving varies widely across Canada's population, as does the amount of giving. Acts of charitable giving result from a combination of factors, among them financial capacity, values and attitudes to giving, and opportunities to give. Some factors can be said to "predict" charitable giving. In the following sub-sections, three "predictive" factors are examined: the effect of tax incentives; income and age.

Priorities for Giving by Canadians

As noted in Figure 5, health organizations received the highest number of individual donations (38 per cent of all reported donations) in 1995. This was followed by social service organizations (21 per cent), and religious organizations (15 per cent).

While religious organizations received only 15 per cent of the total number of donations, these donations amounted to more than 50 per cent of the value of all donations.

In terms of total amount donated, health organizations were the second largest beneficiary of charitable giving and received 17 per cent of the total amount of donations. Social service organizations were third with eleven percent of the total amount of charitable donations. As revealed in the chart below, housing does not stand out as a recipient of charitable giving—it is included under the "other" category and shares a portion of less than 2 per cent of all charitable giving.

Figure 5: Number and Amount of Donations by Type of Organization, 1997

Organization Type	% of total donations	% of total amount donated
Health	38	17
Social services	21	11
Religion	15	51
Education and research	7	4
Philanthropy and volunteerism	5	6
Culture and arts	4	3
International	2	3
Environment	2	2
Other (development and housing; law, advocacy, and politics; business and professional associations)	2	2

Source: Caring Canadians, Giving Canadians, Statistic Canada, 1998, page 2.

The Effect of Tax Incentives on Charitable Giving

Also referred to as the "price of giving," tax incentives affect the incidence of charitable giving. Taxpayers tend to respond positively to tax incentives designed to encourage giving. In other words, tax incentives designed to encourage charitable giving will increase charitable revenue by an amount greater than the loss of tax revenues to the government resulting from increases in deductions.

The above finding, however, is qualified by the behaviour of Canadian donors who frequently do not claim charitable tax receipts owed to them. The Canadian Centre for Philanthropy found a high incidence of receipts not being issued for a significant amount of individual contributions and a high proportion of receipted donations not being claimed for tax purposes. In other words, for every $100 given to charities, only $80 in receipts are issued and only $43 is claimed. Equally important, these findings are based on claimed amounts, which greatly underestimate the total amount of donations made. Canadians do not claim what they are entitled to for a variety of reasons, including ignorance, although Canada Customs and Revenue Agency research suggests that donors are more concerned about getting a receipt if their total donated is high enough.[9]

Income

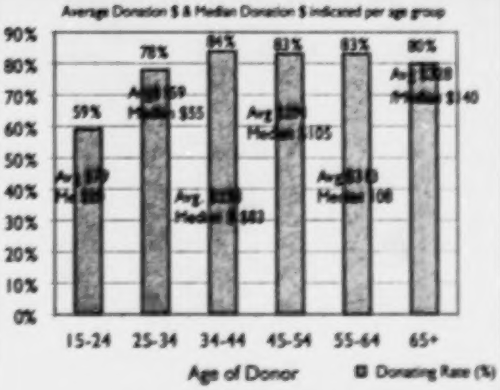
Income, or "income elasticity" also plays a "predictive" role in whether people donated to charity. Simply stated, there is a positive relationship between increases in income and increases in individual charitable giving.

It is important to note, however, that real (i.e., after inflation) Canadian average household incomes have declined in the last decade. Since 1987, the total annual amount donated by individual Canadians claiming charitable donations—about $3.4 billion from 27 per cent of tax filers—has been flat as a percentage of income at 0.69 per cent.

Age

As Canadians grow older, their tendency to give increases. As depicted in Figure 6 below, for example, less than 60 per cent of Canadians between 15 and 24 years of age made a charitable donation in 1997. This increased to 78 per cent for those between the ages of 25 and 34, and to 83 per cent for those between the ages of 35 to 64.

Figure 6: Donation Rates and Amounts by Age Group



Source: Caring Canadians, Involved Canadians, Statistics Canada, 1998, p.16

Finally, approximately 80 per cent of Canadians over 65 made charitable contributions in 1997. The value of donations from individuals also increased with age, ranging from an average yearly contribution of $79 for those 15–24 to $328 for those aged 65 and over.[10]

How Canadians Make Financial Contributions

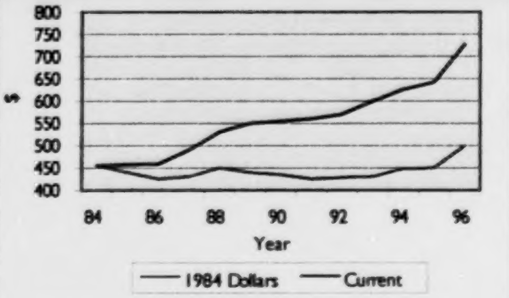
Individuals and corporations provided over 10 per cent of the revenues of registered charities in 1993, although individuals contributed between 7 and 10 times as much as corporations. In 1993, individual Canadians contributed as estimated $8.2 billion, equivalent to two percent of personal spending in the national economy. To put this in perspective, Canadians gave more to registered charities than they spent on furniture and appliances and more than their combined retail spending on men's and women's clothing and shoes.

Average Donations by Canadians

The total amount of donations claimed by Canadians climbed by $453 million from 1987 to 1996, representing an increase of 12.9 per cent in current dollars and an 11.2 per cent increase in real dollars (controlling for inflation). Controlling for inflation, 1996 marked the largest yearly increase in donations since 1984.

As noted in Figure 7, the average individual donation made in 1996 was $728, an increase of 13.4 per cent from the 1995 average donation of $642 and an increase of 11.7 per cent after controlling for inflation. Controlling for inflation, average donations (in 1984 dollars) reached their lowest levels in 1991 and have been increasing slowly since that time. The dramatic increase in 1996 brings real average donations (in 1984 dollars), for the first time, above 1984 levels.[11]

Figure 7: Average Reported Donations: 1984-1996



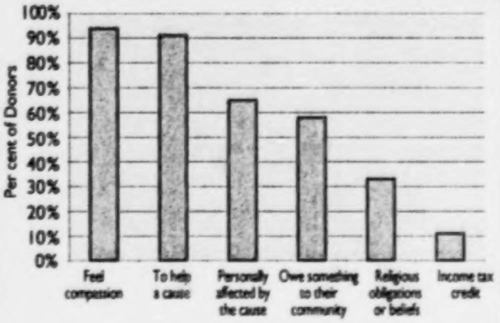
Source: Research Bulletin, "Trends in Individual Donations." 1984-1996. Volume 4, Number 4, Canadian Centre for Philanthropy. p.3.

Motivations for Individual Giving

Canadians gave to charity for a host of personal reasons. Survey results, as noted in Figure 8, indicate that the most commonly cited reasons were "compassion towards people in need" (94 per cent) and "wanting to help a cause in which they personally believe: (91 per cent). Most donors (65 per cent) also indicated being "touched by the cause the organization supports." A further 58 per cent donated because "they owe something to the community." About one-third of donors gave to fulfill religious obligations/beliefs and only 11 per cent donated so as to receive an income tax credit.

The high incidence of giving out of "compassion" or to "causes" suggests that there is strong potential for Canadians to support affordable housing through charity if it is seen as relevant and compelling enough.

Figure 8: Individual Canadian's Motivations for Making a Charitable Donation



Source: Caring Canadians, Involved Canadians, Statistic Canada, 1998. p. 22-23

Corporate Charitable Giving In Canada

The following sub-sections will examine the characteristics of corporate charitable giving in Canada and their relevance to charitable support for affordable housing in Canada.

Why do Corporations Donate to Charity?

Corporations donate to charities and charitable causes for a wide variety of reasons, some of which are outlined below:

- corporations are increasingly aware that the public's buying behaviour is influenced by corporations' positioning in the marketplace as good (or poor) corporate citizens;
- corporations increasingly support issues and causes that make sense from a business point of view; for example, a book publishing company supports a literacy campaign, or a food processing company might support a school breakfast program;
- some corporations feel they have a social responsibility to contribute to the society that supports them;
- partnerships with a charity can add credibility to an advertising campaign, increasing the bottom-line impact of a company's print, radio and TV campaigns;
- many corporations are interested in supporting issues and organizations that are relevant to their employees and their families;
- businesses can increase consumer awareness of their brand profile by using the charity's promotional materials; and
- businesses can increase their visibility and improve their image among business constituents and key stakeholders by participating in voluntary sector special events, such as fundraising events.

Recent Trends in Corporate Giving Practices

With the changing business climate, marked increasingly by added competition, mergers, acquisitions and restructuring, the old methods of corporate giving to charity have been eclipsed.[12] A few of the more recent trends in corporate benefaction are listed below:

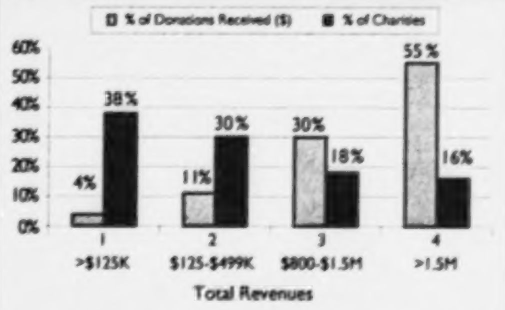
- corporations increasingly want clearly defined benefits, value and return on their social investments;

- corporations are embracing "specialization" funding; (i.e., they support areas where they have a vested interest, or see a "fit");
- corporations have embraced "marketing-driven" awareness campaigns to create internal/external customer loyalty via charitable support; and
- corporations are looking at alternate ways of giving such as in-kind, product, expertise, sponsorships of events and cause-related ventures, special services, programs and by encouraging employees to become more involved in charitable activities.

Contribution Levels by Corporations: Large Charities Are Preferred

Corporations tend to give to larger charities. As noted in Figure 9, for example, more than $1.5 million and nearly one third of corporate donations went to charities with revenues of between $500,000 and $1.5 million. Similarly, only 15 per cent of all corporate contributions went to the remaining 68 per cent of Canadian charities.

Figure 9: Distribution of Corporate Donations and Charities of Charitable Organization

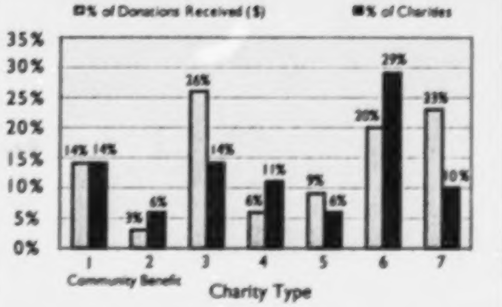


Source: Research Bulletin, "What Types of Charities are Getting Donations", Vol. 3, No. 4, Canadian Centre for Philanthropy, 1996, p.2.

Smaller charities, furthermore, received only modest amounts from corporate donations. By contrast, at least half of charities with revenues of over $1.5 million reported donations of $112,000 or more.

What Types of Charities are Most Likely to Receive Corporate Donations?

Figure 10: Distribution of Corporate Donations and Charities of Charity Type



Source: Research Bulletin, "What Types of Charities are Getting Donations", Vol. 3 No. 4, Canadian Centre for Philanthropy, 1996, p.3.

A recent study (refer to Figure 10) found that corporate donations varied by type of charity. Of the seven types of charities examined, nearly three-quarters of corporate funding went to three types of charities: education, "other" charities and social service charities. Education-oriented charities received more than one-quarter of all corporate donations, although they constituted only 14 per cent of the charities surveyed. "Other" charities received more than 20 per cent of donations, but constituted only 10 per cent of all charities surveyed.

Some types of charities receive a disproportionately small amount of corporate donations. For example, while social service charities received 20 per cent of corporate donations, they comprised nearly 30 per cent of all charities.

With regard to dollar amount donated, hospital, education, health, and other types of charities received almost twice as much in corporate funding as did social service, community benefit, and arts and culture charities; for example, at least half of the hospitals surveyed reported receiving at least $18,000 (as a median value) compared with an overall median value of $5,000 to $6,000.

Corporate Contribution Levels by Type of Corporation

A 1994 survey by the Conference Board of Canada revealed that, of 147 companies surveyed, the banking sector was by far the largest donor, contributing more than $41 million, or approximately 38 per cent of the $109 million contributed in total of the survey's respondents. The real estate, holding and investment sector, which might be more suitable than most sectors to donate time, dollars and expertise to affordable housing initiatives gave $6.47 million, or roughly six per cent of total donations.

Preferred Type of Corporate Donations

Corporations are increasingly giving gifts-in-kind, rather than cash donations. This form of support is as effective as cash because gifts-in-kind are often the very items a charity would want to buy with the money it raised. These gifts include food, medical supplies, computers, training, furniture, office space and vehicles.

In some cases, charities may receive corporate promotional materials through the donation of the services of a company's advertising agency.

The Emergence of Cause-Related Marketing

Cause-related marketing is a type of joint fundraising oriented marketing that companies are using more frequently as a way of supporting the charitable sector. This marketing technique involves donating a percentage of the sales of certain company products to a charity. Its benefits are twofold:

- it provides funds for the charity; and,
- it offers a promotional venue for the company to market its products.

The success of this partnership depends on an appropriate match between the charity and the business. Through these strategic alliances, the company can gain increased support or recognition from its customers.

Corporations and Support for Affordable Housing

Corporations have not placed a priority on funding organizations that develop affordable housing. To date, very little support has been given directly to affordable housing projects. A significant number and amount of corporate gifts, however, are made to Health, Social Service, and Religious charitable organizations, many of which have built projects to address specific needs and populations such as seniors, youth-at-risk, and people with mental disabilities.

Charitable Giving by Foundations in Canada

Charities are considered to be *foundations* if their primary function is to disburse funds, and *charitable organizations* if their primary function is to receive funds. Foundations are further classified into two categories: Public Foundations that raise funds to carry out their own programs, activities, or to fund other qualified recipients; and Public Foundations that usually receive money from one source and disburse funds to qualified recipients. A further distinction between these two types is that public foundations cannot obtain more than 50 per cent of their capital from unrelated donors, while private foundations have no such limitation.

Foundations and Type of Causes Supported

Private Foundations have been established most often in such areas of interest as Welfare (35.8 per cent) and Education (23.7 per cent). Public Foundations show somewhat more variety of purpose: 23.5 per cent have been established in the area of Health, 22.8 per cent in Welfare and 19.5 per cent in the Education sectors.

The work of foundations does not parallel that of charitable organizations. For example, 45.8 per cent of charitable organizations perform work in "Religion" compared to only 9.1 per cent of Private Foundations and 11.1 per cent of Public Foundations. On the other hand, a larger percentage of foundations have been established in Welfare than is the case for charitable organizations. Based on 1993 information, the majority of Foundation grants went to Health (27 per cent), Education (23 per cent), and Social Services (21 per cent).

Criteria for Approving Requests for Funding

The criteria used by foundations when assessing requests for funding vary widely and reflect the wide variety of types of foundations and service areas that they fund. Not surprisingly, the volume of funding requests to foundations has increased and many have been forced to adopt new strategies for coping with them. For example, the London Community Foundation requests that prospective funding applicants supply a letter of intent to assist in screening unfundable proposals to reduce time spent on evaluating full proposals.

Foundations and Support for Affordable Housing

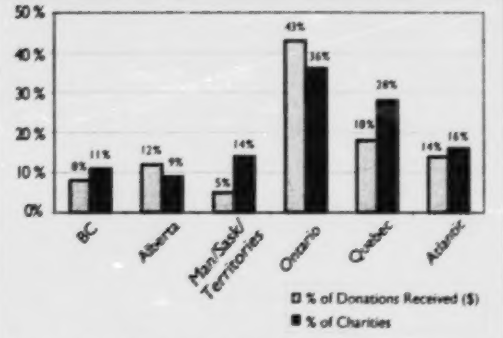
Few Canadian foundations are involved in direct support for affordable housing. The 1996/97 Canadian Directory to Foundations and Grants lists 21 foundations that work in the area of housing. However, as most of these foundations list several "interests," among them housing, it is impossible, from this source, to ascertain the amount of dollars to devoted solely to housing. The VanCity Community Foundation, for example, lists "housing and shelter" among three main interests as part of 54 grants totaling $158,739 of total grants made in 1995.

The Geographic Pattern of Charitable Giving in Canada

The geographic pattern of charitable giving varies widely across Canada among agencies that receive money and agencies and individuals that donate money. For example, charities in Alberta appear most likely to attempt to receive government grants and donations, while those in Manitoba and Saskatchewan appear least likely. The latter provinces, along with the Atlantic provinces, are among the most likely to seek corporate grants. Atlantic charities are among the least likely to solicit foundations.

Regionally, Ontario receives the largest percentage of all types of grant and donation revenues, while those in Manitoba, Saskatchewan, and British Columbia receive a much smaller proportion of corporate donations than do charities in other regions. Atlantic charities, on the other hand, receive Manitoba and the smallest proportion of government grant revenues and, with Manitoba and Saskatchewan charities, the smallest proportion of foundation grants.

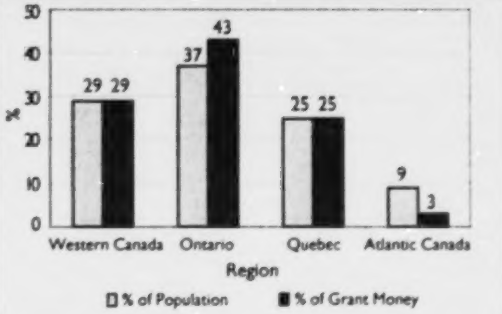
Figure 11: Distribution of Corporate Donations and Charities by Province/Region, 1993



Source: Research Bulletin, "What Types of Charities are Getting Corporate Donations?" Vol. 3, Number 4, Canadian Center for Philanthropy, 1996, P.4

Geographic Pattern in Individual Giving

Figure 12: Foundation Grants by Region in Canada, 1993



Source: Research Bulletin, "What Type of Charities are Getting Corporate Donations?" Vol. 3, No. 4, Canadian Center for Philanthropy, 1996.

Provincial variation occurs in both the percentages of individuals in the population who make donations and in the total annual value of donations. In 1997, donating rates in the Atlantic provinces (82-84 per cent) and in Saskatchewan (83 per cent) were higher than those in British Columbia (73 per cent), Alberta (75 per cent), and Quebec (75 per cent). Albertans, however, who made donations made larger average donations ($337), while donors in Quebec ($127), Newfoundland ($166), and the Atlantic provinces made smaller average contributions than those in other provinces.

Geographic Pattern in Corporate Giving

As illustrated in Figure 11, the bulk of corporate donations—43 per cent—goes to charities in Ontario. Furthermore, Ontario charities receive proportionately more in corporate donations than the percentage of all national charities (36 per cent). Charities in Manitoba, Saskatchewan, and the Territories, by contrast, received the least amount of corporate donations, much less than the expected based on the proportion of national charities that they represent.

The concentration of large corporations in Ontario, particularly in the Greater Toronto Area (GTA), may explain why charities in Ontario receive a disproportionate amount of corporate donations. Another explanation may be attributed to the concentration in Ontario of "higher-profile" charities that are more likely to receive corporate donations, i.e., larger charities and the type of charities, such as, Arts and Culture, and Educational Charities.

Geographic Pattern in Foundation Giving

There are substantially more private foundations in Ontario than in any other regions of the country. Atlantic Canada, in contrast, has the lowest number of private foundations. Public foundations are fairly evenly distributed across all regions except Ontario, which has fewer per capital than other regions.

Although foundations do not necessarily restrict their funding to a given region, it helps charitable organizations to be located where there is a relatively large number of foundations. Foundations and charitable organizations located in the same region are more likely to have a shared understanding of regional needs and to be familiar with one another. Both factors increase the potential for obtaining foundation funding.As illustrated in Figure 12, the percentage of grant money that Ontario receives (43 per cent) is larger than its percentage of the population (37 per cent). Western Canada and Quebec have the same percentage of the value of grants as they do of the population. However, Atlantic Canada receives only a third of what would be expected on the basis of its population.

Donation patterns of individual Canadians differ widely. Age, income, and tax credit eligibility all influence giving behavior. Among sources of non-government funding of charities, individuals are providing an increasing proportion while the proportion of funding by corporations and foundations is declining. An examination of corporate giving patterns revealed that larger charities benefit most, while foundation giving patterns showed that most grants were small in nature.

For sponsors of affordable housing projects, the chapter indicated that very few individuals, corporations, and foundations are making contributions directly to housing projects. They are, however, interested in supporting the housing needs of specific vulnerable populations by making charitable gifts to Health, Social Service, and Religious charities who are addressing these needs by building housing projects that address the needs of a specific population group or social issue.

The Tax Implications of Donations to Charities and Non-profits

This subsection of the study provides a summary of some of the more complex[13] legal and technical considerations that govern whether or not, how and under what circumstances, donor contributions to charities and non-profit organizations are tax deductible.While the prime motivation for donors contributing to charitable organizations is rarely the opportunity to receive a tax credit, such tax incentives do encourage many taxpayers to make a donation.

The subsection starts out by looking at the difference between two broad categories of charitable organizations: "registered" charities that can issue tax receipts and non-registered charities that cannot issue such receipts. This section will likely be of particular interest to those non-profit agencies without "registered" charitable tax status who might seek financial support from other "registered" charities in order to create affordable housing.

This subsection also examines, for example, the potential use of donations by Canadian municipalities to support the creation of affordable housing either directly themselves or in funding affordable housing partnership projects under the auspices of non-registered charitable organizations such as non-profits.

Prior to summarizing the potential implications of the impact of taxation on philanthropic donations in supporting the creation of affordable housing, there is a review of the varying tax credit implications of different types of donations (i.e., cash, "in-kind" goods and services, land and other appreciated property made by a range of potential philanthropic donors—individuals, corporations, businesses and other charitable agencies.)

Definition of Canadian Charities

Canada Customs and Revenue Agency[14] classifies organizations that conduct activities deemed to be socially desirable into two main types: those that are registered as charitable organizations and those which are not and are referred to as "non-registered charities."[15]

Registered charitable organizations undertake work that serves a more general public interest. They can include two kinds: charitable organizations, which are established to *undertake* charitable activities, and charitable foundations, which are set up to *fund* these activities.

Furthermore, charitable foundations may be known as "public foundations" or "private foundations." The main distinction between these is that public foundations cannot obtain more than 50 per cent of their capital from unrelated donors, while private foundations have no such limitation.

Non-registered charities, also known as non-profit organizations, include not only many of the traditional providers of social housing in Canada, but also clubs, societies, and associations operating exclusively for the benefit of their members or a narrower public interest.

Non-Profit Agencies

There are approximately 100,000 volunteer organizations, incorporated and unincorporated, that enrich the lives of Canadians, but lack official status as registered charitable organizations.[16]

Because most builders of affordable housing have been historically non-profit organizations that are not registered charities, the potential for these organizations to attract philanthropic support from Canadian donors is somewhat limited. For its part, the Panel on Accountability and Governance in the Voluntary Sector, a parliamentary subcommittee, recognized the differential status that these agencies have within the tax system and proposed that the policy by which organizations get to issue tax-creditable receipts should be clarified. The Panel has also called for a more transparent process and one that is open to periodic change.

The impact of more voluntary Canadian agencies having access to Canada's tax system, particularly those wishing to attract philanthropic dollars for affordable housing initiatives, is incalculable. Certainly, the status of a registered charitable organization confers enormous benefits, including not the ability to issue receipts, as well as giving a sense of legitimacy to the agency's purpose in the public's mind.

Funding Sources for Charitable Organizations

Charitable organizations are sometimes referred to as either "commercial," "donative" or "public." These labels are used to differentiate between the organizations' sources of funding. Typically:

- *Commercial* charitable organizations are principally funded through revenue-generating activities such as product sales;

- *Donative* charitable organizations are primarily funded by donations and through labour supplied by volunteers; and
- *Public* charitable organizations are principally funded by government transfers.

Due to the differing nature of their activities, these organizations may be eligible for certain exemptions under the *Income Tax Act*.

The Tax Treatment of Registered Charities in Canada

Canada Customs and Revenue Agency requires that an organization which has been designated as a registered charitable organization meet the following criteria:

- Devote all its resources to charitable activities and ensure that no part of its income is "payable to, or is otherwise available for the personal benefit of any proprietor, member, shareholder, or settler thereof."
- Expend, in any taxation year, "amounts that are equal to at least 80 per cent of the aggregate of amounts for which it issued donation receipts in its immediately preceding donation year."
- Have an independent board of directors or trustees, and that more than 50 per cent of the directors, trustees, officers, or similar officials of such an organization must deal with each other and with each of the other directors, trustees, officers, or similar officials at "arms-length."

Drawing on established common-law tradition, Canada Customs and Revenue Agency considers the following five kinds of activity to be potentially charitable:

- Health
- The relief of poverty
- The advancement of religion
- The advancement of education
- Other purposes of a charitable nature beneficial to the community as a whole

If an organization is aimed solely at such activities and does not offer material benefit to its members, it is eligible for status as a registered charitable organization.

Considerations for Sponsors of Affordable Housing

As discussed earlier in this report, many organizations that undertake activities in the areas of Health, Religion, and other purposes beneficial to the community are also builders of affordable housing. Sponsors of affordable housing projects, however, are not generally registered charities and therefore are not able to issue tax receipts to philanthropic donors. For non-profits that wish to issue tax receipts, there are a few possible options. These are as follows:

Partnership with a municipality—
Many municipalities across Canada are able to issue tax receipts to donors who provide financial support to civic projects that benefit their communities. By in large, however, the municipalities would retain ownership of these projects. Sponsors of affordable housing who wish to consider a partnership with their municipal government should consult with the appropriate representatives in their communities to determine the potential for partnerships and the related tax benefits for philanthropic donors.

Partnerships with a registered charitable organization—Registered charities exist exclusively to provide programs and projects in support of their stated purpose. Generally, this means that all fundraising income is directed to support these programs and projects.

In certain circumstances, however, registered charities have partnered with other non-profit groups for particular projects. In this case, they are able to issue tax receipts in return for charitable donations. Similar to the situation with municipalities, however, the registered charity would retain ownership of the project. Sponsors of affordable housing who wish to consider a partnership with a local registered charitable organization such as a Hospital or Social Service provider should meet with the appropriate contact person to discuss the potential for a mutually-beneficial partnership.

Partnerships with a Community Foundation—Many cities across Canada (Toronto, Vancouver, and Winnipeg, to name a few) have community foundations that exist to enhance the quality of life and vitality of their community through raising funds and making grants to local charitable organizations. Community foundations are legally only able to support registered charities. Sponsors of affordable housing projects may wish to meet with a representative from their local community foundation to identify charitable organizations that would make appropriate partners.

Qualification Rules for Donation Credits

To be eligible for a donation credit against taxes payable, a donation must be made to one or more of the following institutions:

- a registered charitable organization;
- a registered Canadian amateur athletic association;
- Canadian non-profit organizations that only provide low-cost housing for seniors;
- Canadian Municipalities (under proposed tax legislation changes), certain gifts to the federal government, a province, or a territory;
- registered national arts service organizations;
- the United Nations or agencies of the United Nations;
- some universities outside of Canada;
- some charitable organizations outside of Canada to which the Government of Canada has made a donation in recent years.

Tax Treatment of Donations to Canadian Charitable Organizations

Individual (or Personal) Income Tax Credits

Most countries in the world provide donors with tax deductions or tax credits for donations made to charitable organizations. In Canada, recognizing the important role that charities play in providing services, the federal and provincial governments offer individuals and corporations a "two-tiered" income tax credit for donations made to registered charities.[17]

The credit for donations is two-tiered in the sense that, for total cumulative donations made below $200 in a year, a credit is offered at the basic federal rate of 17 per cent; every dollar donated above $200 is credited at a federal rate of 29 per cent. (See sections 110.1 and 118.1 of the Income Tax Act.)

Effect of Federal Surtaxes on an Individual's Tax Credits

This "two-tiered" system, however, understates the benefit of the credit because it is deducted before the imposition of the federal surtax. A higher income donor, for example, subject to an eight per cent federal surtax, receives federal tax savings equal to 32.32 per cent of donations over $200.[18]

Effect of Provincial Taxes and Surtaxes on an Individual's Tax Credits

In all provinces except Quebec, which collects its own taxes through a separate return, the provincial tax payable is a percentage of the federal tax; it ranges from 45 to 69 per cent of the federal tax payable, plus any applicable surtaxes. Therefore, a reduction in federal tax also reduces the provincial tax and provincial surtaxes (if any). In practice, these "effective tax rates" mean that, for every dollar donated, approximately one-third to one half is returned to the donor in the form of a tax credit.

Pooling Allowed on Charitable Donations

Charitable donations may also be "pooled" in the name of one tax filer within families to allow donations made in a family to be eligible for a higher tax credit rate.
In other words, the $200 limit is reached faster than would be the case if donations were not pooled. Although individuals in a family may donate less than $200 each in a year and individually only be eligible for the 17 per cent federal and related provincial tax credit, pooling their donations decreases the net tax cost of donating.

Personal Net Income Tax Deduction Limits on Charitable Donations

Up until 1996, the maximum amount of charitable donations that could be claimed by an individual was 20 per cent of an individual's net taxable income. Since that time, a number of significant changes have been made to the federal Income Tax Act in an attempt to foster a more facilitative and attractive environment aimed at encouraging individual donations to charitable causes.

Increasing the Maximum Tax Deductible Net Income Limits for Donations

The 1996 Federal Budget increased the net income limitation on charitable gifts to 50 per cent and was subsequently raised to 75 per cent in the 1997 Budget. Moreover, unused claims in any year can now be carried forward for five years. Furthermore, unused claims can be carried back one year for gifts made in the year of death. The above 75 per cent maximum net income limits can be increased up to 100 per cent in circumstances where gifts of appreciated property are being donated.[19]

Leveling the Tax Credit Playing Field Relative to Gifts to the Crown

Up until the 1997 Federal Budget, gifts made by a taxpayer to federal government or the provinces were not subject to any maximum income limitations. This system favoured donations being made to the Crown or to provinces at the expense of other registered charities.

The 1997 Budget made Crown gifts subject to the same 75 per cent maximum income limitations facing other charities. This change "leveled the playing field" between charities and the Crown in all provinces except Quebec[20] by granting the same level of tax relief on donations to eligible charitable agencies.

Increasing the Attractiveness of Donating Appreciated Property

Another important measure introduced in the 1997 federal budget, which has favourable implications for encouraging the provision of charitable support for affordable housing, was the move to reduce the capital gains tax which an individual would otherwise have to pay on donations of any qualifying property (e.g., publicly-traded equities such as stocks, bonds, T-bills, warrants, futures, mutual funds, real estate, and tangible property). Previously if such donations were made, the donor was deemed to have disposed of them at their fair market value and therefore had to pay capital gains tax on 75 per cent of any increase in value. In sum, under the previous system the tax relief enjoyed from such a donation was reduced, in part, by the increased taxes owing as a result of the capital gain.

In 1997, two new tax rules were implemented aimed at increasing the tax relief accorded to gifts of appreciated property. First, the maximum total donations which an individual could claim in a year can be increased by 25 per cent of any capital gain which arose as a result of the donation.

This change raises an individual's maximum level of eligible charitable donation to 100 per cent, as opposed to the normal 75 per cent, of their net income in a year. The second change reduced the amount of capital gains which an individual had to claim as a result of making such a donation down to 37.5 per cent as opposed to the former 75 per cent level. While these changes favour wealthy Canadians and those making large donations, people of more modest means, who own qualifying property, can gain enhanced benefits simply by choosing to donate securities or property rather than the equivalent amount of money.

As discussed, the recent *Income Tax Act* changes reducing taxable capital gains on donated qualifying property has enormous potential implications for encouraging support for affordable housing and related initiatives in the area of planned giving.[21] In the U.S., (where there is a full, as opposed to Canada's partial, capital gains exemption for such gifts), many large gifts, especially to hospitals, universities and other large charities have been stimulated by such favourable treatment.

Canadians have enormous wealth invested in mutual funds and billions of dollars invested in Registered Retirement Savings Plans (RRSP's) and Registered Retirement Income Funds (RRIF's) which many charitable organizations are viewing as significant potential sources of philanthropic support.

Gifts from Corporations

The federal government now allows inclusions of the untaxed gain in capital dividend accounts. This decision makes gifts of appreciated property, especially gifts of listed securities, more appealing to corporate donors because the amount credited to the capital dividend account can be paid out to shareholders as a tax-free dividend. This may encourage corporations to consider making larger gifts to housing charities. It is an option that applies to the following scenarios:

Gifts by Corporations in General: Corporations receive deductions instead of tax credits; otherwise, the same tax rules regarding donations apply to both corporations and individuals

Gifts by Privately-Owned Companies: operating companies that carry on business, whether it is manufacturing or providing services

Holding Companies: These companies hold shares of operating companies. Excess earnings of the latter are transferred to the former and protect the operating companies in the event of financial trouble. Such earnings may be invested in publicly traded securities.

When two corporations control one another, dividends can be received tax-free from one to another. The following rules apply: charitable gifts may be made either through an operating or holding company. Any company that donates cash receives a deduction for the receipted amount.

A holding company, for example, may donate appreciated listed securities and would receive a donated receipt for the market value of the securities and is taxed on only 37.5 per cent of the capital gain. Corporate gifts of appreciated property result in tax deductions for the corporation and shareholders, as the tax-free portion of any capital gain is credited to the company's capital dividend account and can be paid out to shareholders as a tax-free dividend. Therefore, making gifts of listed securities by holding companies is a more attractive option than ever, a fact that should be mentioned by charities attracting funds for affordable housing in their literature and seminars.

Tax Treatment of Depreciable Property

Gifts of depreciable property are naturally less common. As noted previously, readers are strongly encouraged to seek professional tax counsel and advice when assessing the pros, cons, implications, and ramifications of such potential sources of financial support. Organizations that choose to accept such offers are advised to carefully investigate the donor's history with the property and any obligations it may carry. Gifts of property offer two immediate applications for affordable housing projects:

- gift of a dwelling that can be retrofitted for another purpose, e.g., supportive housing; and
- conversion of an apartment building or factory/warehouse into rental units.

Summary

Although tax benefits are not the primary motivating factor for philanthropic donors, recent changes to Canada's tax laws may have a profound effect on most individual Canadians' attitudes towards giving. With donating made easier and more advantageous, the changes in applicable tax benefits should be of significant value to registered charitable organizations. The increased level of donations that an individual can claim, as a percentage of annual income, should encourage donations to registered charitable organizations.[22]

For corporations and foundations, the changes in the tax treatment of donations will not have a significant impact. Although corporations are issued a tax receipt in return for charitable contributions, very few actually submit them to Canada Customs and Revenue Agency. Foundations are required to distribute a specified portion of their assets each year and therefore are not motivated by the new tax benefits.

For sponsors of affordable housing projects seeking philanthropic support directly or in partnership with a municipality or charitable organization, the changes should also be of significant value—particularly with respect to their impact on encouraging donations of appreciated property.

Overview

As noted previously, it is clear that the supply of new affordable housing units is not keeping up with the significantly increased demand. It is also clear that new sources of funding are required to close the "funding gap" and that philanthropic donations are a potential source of project funding support for sponsors of affordable housing projects. The case studies in Appendix I illustrate that a small number of sponsors have been able to secure some of the philanthropic support required to build affordable housing in a few clear categories. Unfortunately, many other sponsors who wish to develop projects that address the needs of ordinary people with limited financial resources have not been as successful.

In order to effectively address the issue, and increase the number of affordable housing units in Canada, a number of fundamental questions need to be answered with regard to accessing increased philanthropic support. They are as follows:

- How can the societal issue of affordable housing become a priority donative cause for Canadians?
- How can local housing needs and funding priorities be addressed?
- How can local sponsors of affordable housing be armed with the right tools, training and experience to raise philanthropic support and to broker more public-private partnerships?

In order to answer these questions, it is first important to re-visit the top line findings of our research:

- *Build Profile*—Raising the awareness and profile of the affordable housing issue and creating a "climate" in which people understand and support the issue is the first step to influencing potential donors.

- *Build social capital*—Major corporate, foundation, and individual donors are more interested in funding projects that can demonstrate and deliver "social capital" through long-term solutions to pressing issues (e.g., the needs of the elderly in society).

- *Build Relationships*—The participation of high profile, influential corporate and community volunteers is central to the success of any major fundraising campaign.

- *Build partnerships*—Corporate support is directly proportional to the "strategic fit" with corporations' business and social agendas and the relevance to their markets/customers.

- *Build Community*—Affordable housing projects must address the specific housing and social needs of local communities, ethnocultural groups, and religious congregations.

- *Raise Funds and Fundraise*—A variety of funding sources, including public sector support, not necessarily in the housing area, are likely important to the success of new affordable housing projects.

- *Be Realistic*—Perseverance is essential, especially for large projects.

Based on the key research findings and discussions with three of Canada's leading fundraising professionals—Jean Crawford (President, Crawford Consulting), Karen Wilson (Vice-President, Ketchum Fundraising Counsel), and Steve Woeller (Director of Development, Hamilton Health Sciences Center), we have developed a strategic approach to addressing the issue of affordable housing that is applicable on a national as well as local level.

The Goal and Objectives

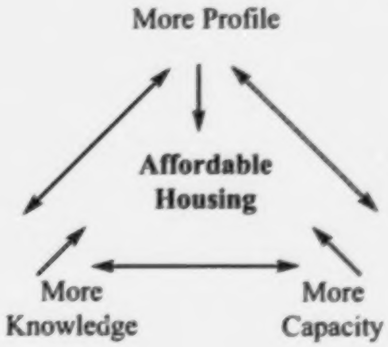
The Goal: Increase the creation of new affordable housing units across Canada by enhancing access to philanthropic support for use in partnership initiatives with others.

The Objectives:

- Increase understanding of the affordable housing issue and its impact on other societal issues
- Increase the national profile of the issue and its relationship to other priority philanthropic funding issues
- Increase the ability of local affordable housing sponsors to secure philanthropic support funding for affordable housing projects

A Model for Resource Generation

The following strategic model illustrates how building profile, knowledge, and capacity can lead to more resources for affordable housing from the philanthropic sector.



Building Knowledge

Our model uses knowledge as the platform on which profile and capacity are built.

What we have:

- Credible information on all aspects of the financing and building of affordable housing—from CMHC;
- Credible information on the combination of social issues that encompass quality of life—from various government departments, as well as international studies;
- Credible information on fundraising and partnership building—from the Canadian Centre for Philanthropy and National Society of Fundraising Executives; and
- Credible information on the social priorities of donors of donors across Canada—from the Canadian Centre for Philanthropy.

What we need:

- On a societal level—An increased awareness and understanding of the relationship between affordable housing and other pressing social issues such as health, education, employment, and the environment.
- On the ground—Credible information, tools, and training to help sponsors of affordable housing understand what's required to secure philanthropic support.

Building Profile

Nationally—In order to encourage individual Canadians, corporations, Foundations, and other charitable organizations to consider providing additional resources and support to facilitate affordable housing production, it will be necessary to create increased awareness of the issue, and its relationship to other pressing social issues.

Specific national profile-building initiatives could include:

- National Advertising—A national advertising campaign is needed to raise the national profile and priority of the need for increased philanthropic support for the creation of affordable housing. This should be done by a national non-profit organization that also has a significant community presence across Canada. Other possible partners could include corporations such as one of the national newspapers who could provide in-kind support of advertising space.
- Report Card—An annual "report card" that provides a picture of how well Canadian affordable housing needs are being met, its impact on and assessments of other social issues, and any major accomplishments or set-backs.[23]

Locally—In addition to an increased level of national awareness, it will be necessary to create awareness of specific housing needs and their impact on social issues on a local level. This can be accomplished in a number of ways as follows:

- Local Community Foundations—In context with a national initiative, local community foundations can undertake their own initiatives such as advertising, local report cards, and so on (see Appendix V for information on community foundations and their locations).

- Sponsors of Affordable Housing—Sponsors need to put a priority on building profile for their projects. There are many ways of getting attention (see case studies in Appendix I), some of which are possible at little or no cost.

Building Fundraising Capacity

Through CCPPPH, CMHC is already organizing regional affordable housing public-private partnership advisory meetings and workshops, and providing non-profits with a quarterly newsletter (*Partnership Courier*), web resources (Canadian Housing Information Centre), and has five housing partnership representatives across Canada.
The challenge now is twofold—to continue to augment existing resources with locally

relevant information and to provide non-profits and charitable organizations with Information and training as required to enhance their ability to raise money from philanthropic sources.

In order to do so, the CCPPPH should continue, and wherever possible enhance, its working relationships with local community foundations across Canada. These organizations understand the social realities of their communities and have credibility with their non-profit colleagues.

Specific initiatives which should be considered include:

- conferences and workshops;
- information resources;
- web sites, as well as expanded features focusing on promoting and facilitating public-private philanthropy partnerships' creation of affordable housing;
- interlinked partnerships with community colleges offering fundraising courses; and
- seed grants to non-profit housing sponsors for consulting services, fundraising staff, and computer resources.

Creating More Affordable Housing

As indicated above, non-profit housing is being created and some sponsors have been able to secure some philanthropic support for their projects. Our research revealed that the projects with philanthropic support that are being created fall into three categories:

- *Communities of Interest*—Projects that address the housing needs of a specific community of interest such as a small rural community, or a religious congregation.
- *Unique Circumstances*—Projects that are achievable because of one or more unique elements that make fundraising a viable way of securing revenue: small scale, long-term timing, availability of "sweat equity", or availability of in-kind donations.
- *Social Issue or Population Group*—Affordable housing projects that address the needs of a social issue or population group: seniors' residence, AIDS hospice, housing for individuals with mental health disabilities, to name a few.

Using a knowledge-based approach to building greater profile and capacity will certainly facilitate the creation of more projects that fall into these categories.

Unfortunately, many sponsors of other non-profit housing projects will continue to face significant barriers in securing funding from philanthropic sources due to their lack of familiarity and inexperience in obtaining philanthropic support and, more importantly, due to the absence of an intermediary organization that could serve as a forum to coordinate efforts nationally and provide guidance, direction, training, and support to local sponsors in their efforts to acquire philanthropic support. These organizations require additional infrastructure and support in order to be in a position to attract more up-front financial support for housing projects. To address this need, the following strategic initiative should be considered:

A National Charitable Organization for Affordable Housing—A national charitable organization to solicit foundation and corporate support; provide education, training and support services to local sponsors seeking philanthropic support; and to channel funds to affordable housing projects managed by an independent, arms-length, board of trustees. The National Charitable Organization for Affordable Housing could be "kick-started" with initial contributions from existing charities, philanthropic foundations, corporations, or even key stakeholders could encourage philanthropic contributions to the organization by providing "matching" funds up to a specified amount for a limited period of time provided that other stakeholders followed suit.

A National Charitable Organization for Affordable Housing could allocate funding for equitable distribution to community foundations or affordable housing sponsors across Canada who could use the funds to leverage corporate and individual philanthropy in support of affordable housing on a local basis. Local community foundations would evaluate the requests for funding from potential sponsors and award grants as appropriate to address local affordable housing needs.

Appendix I—Case Studies

Illustrative Case Studies

The following sixteen studies are divided into five sections: health, youth, senior, general housing and general fundraising. Each section begins with a brief discussion of the sector. Each study is presented in the following segments:

1. **Overview:** A brief introduction to the non-profit organization and its intent.
2. **Relevance to Affordable Housing Sponsors:** Aspects of the initiative that are particularly applicable to sponsors of affordable housing projects.
3. **Background:** General information about the history of the organization and its initiative.
4. **Objectives:** The priorities and community goals of the organization and its initiative.
5. **Social Issue/Cause:** The community need or market that the organization and its initiative is meeting.
6. **Initiator:** The parties and primary sponsors involved in founding the initiative.
7. **Partners:** A list of the major financial contributors and a summary of their contributions.
8. **Fundraising Methodology:** The goals, practices and techniques of the fundraising campaign.
9. **Philanthropic Support:** The primary sources of donations that were made as a result of a fundraising campaign or the nature of those donations.
10. **Philanthropic Donors:** A cursory explanation of the motivations of donors and their connection to the initiative.
11. **Unsuccessful Efforts:** Brief accounts of attempts to raise funds or propel the project that failed.
12. **Impact/Outcome:** A final account of the initiative's successes and shortcomings and their implications for affordable housing.

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Youth

Being homeless at any age can be a reason for despair, but for street kids it's an experience all too likely to become a permanent lifestyle. Getting kids off the street and into safe housing with access to supportive services is the priority of two model non-profit agencies in Toronto and Vancouver. Toronto's Covenant House and the VanCity Place for Youth are recent initiatives that illustrate the potential for success of public-private partners who team up to address their community's social issues.

VanCity Place for Youth, Vancouver

Overview

The VanCity Place for Youth is a 54-unit mini-suite apartment building for street youth developed in a joint venture between VanCity Enterprises and the City of Vancouver. The property is operated by community-based non-profit housing provider, St. James Social Services.

The total construction cost of $4.5 million was met with capital grants from VanCity Enterprises ($1.05 million), a combined capital grant and land contribution from the City of Vancouver ($2.1 million) and $1.4 million in mortgage financing from VanCity Credit Union.

Relevance to Affordable Housing Sponsors

- Illustrates how a sponsor can effectively secure support from a variety of sources —personal philanthropy, the municipal government, and the corporate sector.
- Demonstrates how a project that addresses a locally relevant social issue can attract philanthropic support and other community partnerships
- Shows how having a prominent corporation as a "champion" of the project can help attract major support from other sources.
- Demonstrates the importance and effectiveness of working with community-minded businesses.

Background

In 1995, the employees of VanCity, a corporation with a strong track record of community involvement, identified street youth as an issue that it wanted to address through the construction of affordable housing.

The employees set a goal of raising $100,000 a year over three years while the corporation's community development arm, the VanCity Community Foundation, began a predevelopment process identifying a potential site and soliciting other partners.

Objectives

Their focus was the provision of safe, affordable housing for street youth which might allow them to complete school or find work and escape the streets.

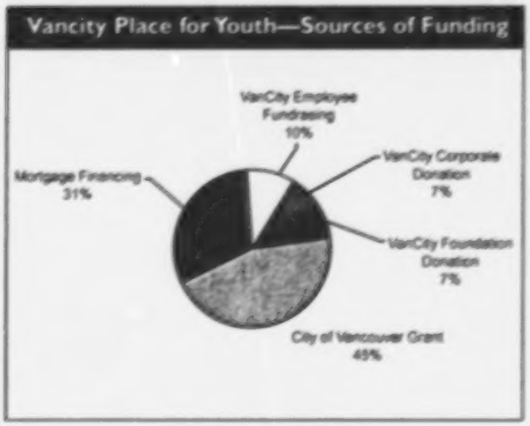
Social Issue/Cause

With a favourable climate and a largely tolerant, permissive city culture, Vancouver has long been a magnet for young people. The city has been in a locked battle with its transient population and has tried many initiatives to move people off the streets. VanCity has joined that effort with the construction of the VanCity Place for Youth and has quickly gained recognition as a leader, providing new hope and new opportunities for the city's most disadvantaged adolescents.

Initiator

The impetus for the project came from VanCity Credit Union employees, but support came quickly from other parts of the organization.

Partners


Vancity Place for Youth—Sources of Funding

Employees: The Employees fundraiser generated $450,000 (well in excess of their goal of $300,000). The Credit Union matched the original goal with a contribution of $300,000.

- **The VanCity Foundation:** The Foundation (funded largely by voluntary allocation of a portion of the interest earnings on members' accounts) also provided $300,000.
- **The VanCity Credit Union:** The VanCity Credit union also provided the first mortgage on the property ($1.4 million). Since this was an uninsured loan, VanCity underwrote the risk itself; however, given the large equity infusion and its involvement in the project, it was, of course, a limited risk).
- **The City of Vancouver** assisted in purchasing the land ($900,000) to which it holds title, allowing the VanCity Place Society, a registered charity established to own the project, a 60 year lease. In addition, the City provided a capital grant of $1.2 million, bringing the total city contribution to $2.1 million.
- **The BC Real Estate Foundation** provided an endowment of $450,000. Rather than fund the capital cost, this was used to subsidize cash flow, augment rent revenue, and to ensure that the project remained viable.
- An existing non-profit housing provider, St. James Social Services, was contracted to provide property management services.

Fundraising Methodology

VanCity's employees showed tremendous dedication and enthusiasm, running everything from raffles to bake sales throughout the company's thirty branches. VanCity Credit Union enjoys a very strong and positive corporate culture.

It names corporate social responsibility (CSR) as one of its first operating principles and its employees share this conviction. The CSR group was actually the first to indentify housing street kids as a company priority.

Philanthropic Support

The principal sources of philanthropic support were:

- VanCity employees;
- the general public;
- the VanCity Foundation; and
- the VanCity Corporation.

In each case, the donations were monetary with the exception of staff time contributed by VanCity.

Philanthropic Donors

By undertaking the project VanCity demonstrated its commitment to improving its community, especially for youth at risk. VanCity understood that the bricks and mortar were part of a solution that addresses underlying causes—social and family estrangement, negative street influences and low employability because of poor social and work-related skills.

The City of Vancouver has had a long and significant involvement in affordable and social housing. The premier of British Columbia at the time, a former Vancouver mayor, was an especially strong proponent.

Impact/Outcome

The result of this initiative is a 54-unit apartment providing permanent accommodation for street youth (aged 18-24), first occupied in late 1998. Approximately half of the units are targeted to youth on social assistance who demonstrate commitment and progress to moving into the labor force; the remaining half are targeted to low wage working youth. Rents for these two target groups are set at $325 (a welfare maximum) and $425 respectively. From start to finish, the project took four years and the unwavering commitment of its chief sponsor, VanCity.

Proponents of the project say that it will ultimately be considered an experiment and not a model for future public-private partnerships —that the level of dedication it received from a corporate sponsor is just too rare.

Contact

Dale McClenahan
VanCity Enterprises
Phone (604) 877-7546

Covenant House, Toronto

Overview

The country's largest youth shelter, Covenant House Toronto has helped more than 50,000 young people since 1982. The organization provides a range of programs to help youth build independent lives. Open 24 hours a day, seven days a week, Covenant House offers safe shelter nightly to as many as 80 youth between the ages of 16 and 22. The facility also provides food, clothing, medical care, and educational and employment assistance to thousands more through community support service. At night, outreach workers from Covenant House are on the streets to reach kids most at risk. Longer-term housing is also available.

To prevent youth from becoming homeless, Covenant House provides education programs to students in classrooms and youth groups. Covenant House is registered as a charitable organization and is able to issue tax receipts in accordance with Canada Customs and Revenue Agency guidelines.

The new 88-bed facility was financed through a combination of government grants ($5 million from the City of Toronto), and community fundraising ($4.6 million).

Relevance to Affordable Housing Sponsors

- Illustrates that support is available from municipal governments for projects that address timely social issues.
- Demonstrates that staff, fundraising volunteers, and donors can be motivated by projects that are seen to provide solutions to relevant social issues.
- Shows that the participation of high profile, influential corporate and community volunteers is central to the success of any major fundraising campaign.
- Demonstrates the need to build relationships with prospective volunteers and donors by creating opportunities for them to be involved and engaged during all phases in the project.

Background

In Toronto, it is estimated that approximately 10,000 youth are living on the street. These youth are at risk: according to research available at Covenant House, street kids are 12 times more likely to die than their housed peers. The problem is getting worse: Covenant House reports that increasing numbers of young people join the streets of Toronto each year.

Prior to 1993 the organization provided 30 beds in four leased locations in downtown Toronto. The organization, however, saw the need to consolidate its operations at a central location near a recognized "problem area." In 1993, Covenant House discovered a suitable building that was for sale.

Due to the recession and the related slump in the real estate market, the cost for the building was $5.6 million, significantly less than its earlier market value. In addition to the purchase price, approximately $4 million was required for renovations. As a result, the total cost for purchasing and renovating the building was almost $9.6 million.

Objectives

The overall objective of the project was to help more homeless youth in Toronto by consolidating the organization's four locations into one facility that was located near the part of downtown Toronto that is most frequented by youth at risk.

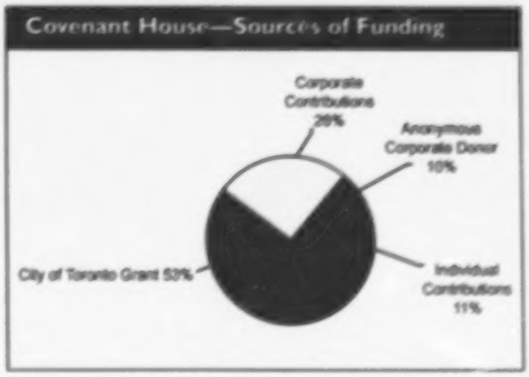
Social Issue/Cause

Covenant House provides shelter for 88 youth between 16 and 22 (daily average of 71 residents, total of 2,000 residents per year). Covenant House also provides counseling, education, and vocational assistance. The facility has an on-site health care clinic with three nurses who specialize in health issues relevant to life on the street—malnutrition, exposure to cold, and personal hygiene. Finally, the organization offers community support services (including basic necessities such as food, a change of clothes and care packages) to approximately 2,500 youth per year.

Initiator

Covenant House initiated the project and is the sponsoring organization.The organization is a registered charitable organization and is able to issue tax receipts to donors.

Partners


Covenant House—Sources of Funding

- City of Toronto: The City of Toronto recognized Covenant House as central to helping youth living on the street and provided $5 million for the purchase of the building.
- Anonymous Corporate Donor: Covenant House received the generous support of a real estate developer who contributed $1 million to the project but wished the source of the gift to remain anonymous.
- Corporate Contributions: Corporation donors contributed $2.52 million (26 per cent of the overall project costs and 70 per cent of the private fundraising campaign) to support the project. The number of corporate donors to the project is not available.
- Individual Contributions: Contributions from individuals totaled $1.08 million (11 per cent of the overall project costs and 30 per cent of the private fundraising campaign).

Fundraising Methodology

In 1993, Covenant House convened a campaign cabinet of twelve prominent business leaders. The cabinet was chaired by Holger Kluge (President, Personal and Commercial Banking, Canadian Imperial Bank of Commerce). In addition to chairing the cabinet Mr. Kluge was responsible for the following:

- identifying and securing other cabinet members;
- ensuring CIBC would support the campaign; and
- motivating and encouraging the cabinet members to make contributions themselves and secure contributions from others.

Each member of the cabinet was responsible for the following:

- making a significant financial contribution themselves or securing a donation from their corporations; and
- soliciting and securing an additional six to ten major gifts from wealthy individuals or corporations.

Most significant gift solicitations were made directly by campaign cabinet members in one-on-one meetings with friends and colleagues.

Following such a meeting, a follow-up letter was sent to the prospect. Some gifts were secured by sending a letter with a proposal and following up with a telephone call. The Director of Development and Communications and her staff at Covenant House supported the committee.

The development staff researched donor prospects, prepared campaign communications materials, and coordinated the solicitation activities of the campaign cabinet.

In addition, the development staff organized donor prospecting/cultivation events (such as tours of the new facility while it was under construction) and provided other logistical support to the campaign cabinet. The campaign lasted approximately one year.

Philanthropic Support

All philanthropic support for the project was made through direct cash donations.

Philanthropic Donors

Donors to this project, concerned with the plight of homeless youth, were also convinced or pressured to support the project by friends who sat on the organization's fundraising committee. Both as an incentive and in recognition, donors were issued a full tax receipt and all individual, corporate, and foundation donors were named on a special plaque at the new facility.

Unsuccessful Efforts

Not all solicitations were successful. Many corporations, foundations, and individuals declined support for a variety of reasons including lack of interest in the project and issue, and their own limited resources.

Impact/Outcome

Covenant House successfully raised almost $10 million for a new 88-bed facility. In addition, the project created significant publicity for the organization and resulted in stronger relationships with the City of Toronto and key philanthropic donors.

These relationships have helped the organization to raise more money in each year since the campaign. In 1998, for example, Covenant House raised 73 per cent of its annual operating budget from philanthropic donations. Finally, the organization has a new facility in Vancouver and is in the final stages of a capital campaign that has been based on the model established in Toronto.

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Everyone worries about what will happen to them as they age. For seniors though, the concern is more immediate. How much longer will they be able to live alone? Who will take care of them? Will they lose touch with their friends?

The following six organizations, like many across the country, are providing answers—and the quality of care our seniors deserve.

While each organization has its own mandate and unique constituency, they share much in common. Each residence was built because local citizens agreed that their senior citizens should be able to stay in their community and still have access to the level of care they need.

St. Barbe, a rural home for the aged, was built only after area residents rallied to leverage a grant from Human Resources Development Canada (HRDC) and the International Grenfell Association. Raising $25,000 from individuals and small businesses over seven months, they managed to close their "funding gap" and finish a development that has become a source of pride and comfort for the residents of Newfoundland's Northern Peninsula.

Founded in 1857 by the Sisters of St. Joseph in Toronto, Providence Centre has been a provider of long-term care to generations of Toronto families. With the addition of a 288-resident facility this year, Providence Centre will redefine the very nature of long-term care, "transforming an institution into a home."

In the case of the Auberge du bon temps in Quebec, this meant raising the funds to add a seniors' wing to an already converted school building. For the Chinese Mennonite community in Vancouver, it meant co-ordinating the construction of a new facility, start to finish.

A forward thinking clergyman at Etobicoke's St. Demetrius church started with a drop-in centre for the area's recently immigrated elderly population and ended up with a 15-storey senior's home.

Finally, the W.J. Phillips Seniors Home decided that the best solution for their community wasn't yet on the books and pioneered the concept of "enriched" care; 28 residents now enjoy a variety of support services including 24 hour monitoring, meal preparation, laundry, and access to healthcare services.

St. Barbe Chronic Care Corporation, Newfoundland

Overview

St. Barbe's Chronic Care is a personal care facility serving physically and mentally frail seniors living on the upper Northeast Coast of Newfoundland's Northern Peninsula. The facility is a single storey building providing eight single and six double rooms (total 20 beds), and ancillary nursing support.

The project's costs totaled $998,000, of which $231,000 was financed through a CMHC insured mortgage. The remaining $767,000 was funded by a combination of government grants ($588,000), a private foundation grant ($75,000), and through community fundraising ($104,000). The province donated crown land and continues to provide operating funds to supplement the monthly fees paid by residents.

Built to meet the need for a personal care facility to serve local residents, the St. Barbe project was developed outside of any specific government funding strategy or program. In fact, only in 1989 did the province approve the first non-profit operators for a pilot program to study their viability. Until the mid-1990s most existing personal care facilities in Newfoundland were still privately developed and operated.

Relevance to Affordable Housing Sponsors

- Illustrates that, in addition to addressing the need for housing, an affordable housing project can encompass other social issues that may be a priority for funding from a wide range of sources.
- Shows how "matching funds" from government and/or foundations can leverage philanthropic contributions from a community.
- Demonstrates that in smaller communities, "grassroots" campaigns are an important means of raising money and mobilizing support for projects that are seen to be a new asset to the community.

Objectives

The St. Barbe's Chronic Care Corporation exists to provide housing facilities to area seniors so that they may remain in the same community where they have lived most of their lives. The Corporation's goal is to ensure that the facility offers its residents the highest level of care and comfort.

Social Issue/Cause

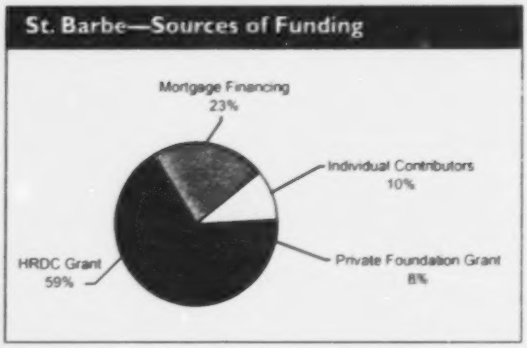
In line with demographic projections across Canada, the resident population on the Northern Peninsula is aging. A recent assessment by the regional health board confirmed that there are more than 40 seniors in the area that would soon require some level of personal care and closer proximity to medical services.

Other than St. Barbe's, the nearest long-term care facility has just 22 beds and is over 100 km away.

Initiator

The Corporation was founded in 1989 specifically to provide personal care facilities for area residents. Board members are established community residents with a range of expertise from a variety of professions including pharmacy, banking, economic development and teaching. The corporation is a registered charity and issues tax receipts to donors.

Partners


St. Barbe—Sources of Funding

Provincial Government: The province assisted by making crown land available and has committed to providing ongoing operating subsidies to supplement fees paid by residents (most residents pay almost $800 from their CPP/OAS income with the province making up the difference to meet the total cost of $915/bed).

Federal Government: Human Resources and Development Canada (HRDC) provided two separate grants. First $348,000 was extended in 1994 as a development grant. In 1997, a second, conditional grant of $240,000 was made available to fund most of the project's labour costs. This second grant was conditional on $100,000 in matching funds being raised by the Corporation.

Foundations: The International Grenfell Association awarded a grant of $75,000. This is an international foundation endowed by and named after a missionary doctor who was a pioneer in establishing educational and health institutions on the Northern Peninsula in the first half of the century. The Corporation's initial application was rejected, due mainly to the volume of requests to the Association, but they were successful in their second application in late 1997.

Individuals: In order to meet the HRDC's $100,000 challenge, the Corporation began a community fundraising campaign, raising the full sum in only seven months.

Fundraising Methodology

A region-wide door-to-door campaign succeeded in raising three-quarters of their goal. The remaining money was raised through community bingo tournaments and a raffle. Local officials were contacted and encouraged to support the initiative. The project also gained support through many articles and notices in the community newspaper, the *Northern Pen*.

The *Northern Pen* also printed a monthly tally of how much was raised by each community, sparking a measure of competitiveness between neighbouring towns.

Relying on an action committee of community volunteers, the Corporation did not seek the services of a professional fundraiser, nor did it employ any full-time staff.

Philanthropic Support

Without any large corporations in the area, the campaign relied on the private contributions of individuals, small businesses, and foundations.

Philanthropic Donors

The vast majority of the philanthropic support came in the form of small cash donations from individuals and families. The largest single donation was $5,000, provided by a local doctor. Most other contributions were much smaller—$10 to $25. In total, it added up to some $25,000, raised mostly through raffles and community bingos. Though the Corporation was able to issue tax receipts, they were not a priority for most donors.

The International Grenfell Association, with offices in the UK and US, has a strong attachment to the Northern Peninsula—in fact part of the region is named after a Dr. Grenfell. Dr. Wilfred Thomason Grenfell was a medical missionary, social reformer, and author, noted for his work in northern Newfoundland and coastal Labrador. He was associated with Royal National Mission to Deep Sea Fishermen (FNMDSF), an organization dedicated to providing medical aid and spiritual guidance to workers in the North Sea fishery. Given the roots of the International Grenfell Association, it was sympathetic to an application from this community-based group.

Unsuccessful Efforts

The Corporation made several attempts to secure funding from a number of grant-making agencies and foundations. In all, except its second application to the International Grenfell Association, the Corporation was rejected.

The Corporation also failed to successfully solicit any in-kind donation of services or materials from the architect and contractor.

Impact/Outcome

After almost nine years of struggling to raise sufficient funds, the group finally completed and opened its personal care facility in 1998. The fundraising initiative, generating $100,000, was a critical component of the process, ultimately securing the second HRDC grant of $240,000.

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Providence Centre, Toronto

Overview

Providence Centre was founded in 1857 by the Sisters of St. Joseph of Toronto. It is well regarded as an important health care institution providing vital services to the elderly, including long-term care, complex continuing care, and rehabilitation.

In 1987, the organization recognized that in order to provide more and better care to its elderly residents, it would be necessary to replace its long-term care centre. The new 288-resident facility is currently under construction and is expected to be completed in the fall of 1999.

The project costs of $45 million were financed through a combination of government grants ($22 million), a contribution from the Catholic clergy ($2.2 million), and community fundraising ($20.8 million).

Relevance to Affordable Housing Sponsors

- Shows that influential corporate and community leaders are motivated by more than the physical plant—projects that can demonstrate their ability to deliver "social capital" through long-term solutions to pressing issues (e.g. the needs of the elderly in society) are more attractive to donors than "bricks and mortar" campaigns.
- Demonstrates the importance of addressing a relevant social issue as a means of securing government funding to help finance the project and leverage other support from the community.
- Shows the value of an association with a "core" financial partner (in this case, the organization's foundation) who is willing to provide the financial leverage necessary to complete the project.
- Shows that philanthropic donors are not generally motivated by the tax benefits derived as a result of their gifts. Primarily, major donors are more interested in the personal relevance of the social issue and in the other benefits and public recognitions that can be provided by the project sponsor.
- Illustrates that perseverance is essential, especially for large projects—even established organizations that have strong relationships with influential corporate and community leaders need to be realistic about how long it will take to raise significant funds.

Background

Although Providence Centre first recognized the need for a new seniors' home as early as 1987, internal delays and changes in government funding priorities put the project on hold until 1994. Since that time the organization has refined the design concept of the facility and secured the necessary funding.

The 288-bed facility marks a radical departure from conventional homes for the aged and the organization's visionary approach to the facility has added significant leverage to public and private fundraising.

The award-winning design, by the joint-venture architecture team of Montgomery and Sisam/Kuwabara Payne McKenna Blumberg, uses a residential metaphor to transform an institution into a home. It is a resident-centred creation that vividly humanizes the traditional functions and spaces of such a facility.

Objectives

The objective of the project was to replace, expand, and upgrade the service and care capabilities of the existing long-term care facility with a new facility that was as much like home as possible for its residents. More specifically, Providence Centre faced the challenge of satisfying the Ontario Ministry of Health's rigorous safety guidelines for the design of long-term care facilities. Finally, the facility had to comply with the Ministry's funding limitations of $75,000 per bed.

Social Issue/Cause

Providence Centre is taking a leadership role in addressing the needs of the elderly. It is a visible and vocal advocate for essential care issues and champions societal change with regard to the priority placed on the affordable health care and housing needs of Canada's elderly.

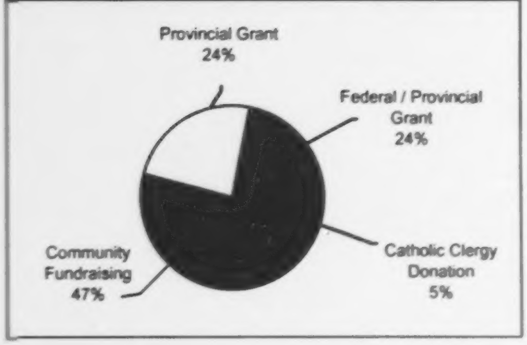
In addition to its residence, Providence helps other elderly people and their caregivers through the Alzheimer Day program (1,140 clients per year), Chiropody Clinic (6,000 clients per year), Meals on Wheels (26,000 meals per year), Regional Geriatric Program (1,950 housecalls per year), Respite Care Program (3,120 clients per year), Wheels to Meals (1,560 clients per year).

Initiator

Recognizing the need to guard against future funding deficits, the Providence Centre Foundation was established in 1988. Under the direction of a strong board with new professional expertise, the foundation quickly assumed a central role in managing the Centre's capital project funding campaign. The Foundation also supports research and special patient care initiatives.

Partners

Providence Centre—Sources of Funding



Provincial Government: The provincial government recognized Providence Centre as a key player in its program to create more long term care beds and provided it with $11 million through the Ministry of Health.

Federal Government: the Canada/Ontario Infrastructure program matched the provincial government's contribution and provided $11 million.

Catholic Clergy: the Catholic clergy contributed $2.2 million to the project in return for access to 36 beds in the new facility for its elderly.

Providence Centre Foundation: The Providence Centre Foundation is conducting a campaign to raise $20.8 million from corporations, foundations, and individual donors, and through special events. To date, it has raised approximately $16 million. In addition to the campaign, the Foundation has lent the Centre approximately $8 million to help meet its cash-flow requirements during construction. Some of the funds raised during the campaign will be used to repay the loan to the Foundation. Finally, Providence Centre's bank has used the Foundation's financial assets as collateral for financing part of the project.

Fundraising Methodology

The Providence Centre Foundation was responsible for mounting a capital campaign to raise almost $21 million from corporations, foundations, and individual donors. In order to leverage campaign gifts at the highest possible level, the Foundation convened a campaign cabinet of prominent business and community leaders, and members of the Foundation's board of directors. Many members of the cabinet made significant financial contributions and were each responsible for securing an additional six to ten major gifts. Most requests were broached at personal meetings with prospective donors.

Two fundraising professionals have been contracted by the Foundation to work on the capital campaign. The campaign staff researched donor prospects, prepared campaign communications materials, and is now coordinating the solicitation activities of the campaign cabinet. Additionally, the Foundation's six permanent staff are continually reviewing donor prospects, considering possible "cultivation" events, and providing full logistical support.

Philanthropic Support

All philanthropic support for the project has been in the form of cash donations. Many cash donations were made in the form of "pledges" which were to be paid to the Foundation in equal installments over a 3-5 year period.

Philanthropic Donors

Donors to the project were motivated by a number of factors including peer-pressure, personal relevance (many have relatives who are residents at Providence Centre), and self interest (as some are considering the centre as a future residence).

For the most part, people, foundations, and corporations that have supported the new home for the aged are very active in other community fundraising—either as volunteers or as donors. Many support the Catholic Church, and the Providence Centre Foundation's annual fundraising campaign. In terms of benefit and recognition, most donors expected a tax receipt but their donations were not motivated by the associated tax benefit.

All individual, corporate, and foundation donors will receive permanent public recognition at the new facility on a special donor recognition wall. The most significant donors will have their names on specific parts of the building.

Unsuccessful Efforts

In a campaign of this size, many solicitations were unsuccessful. Many corporations, foundations, and individuals have declined support because they did not have any prior affiliation or natural affinity with the Centre.

Impact/Outcome

More than ten years after the initiation of the project, Providence Centre's new home for the aged is under construction and due to open in November, 1999. The 288-resident facility will be a radical departure from conventional homes for the aged.

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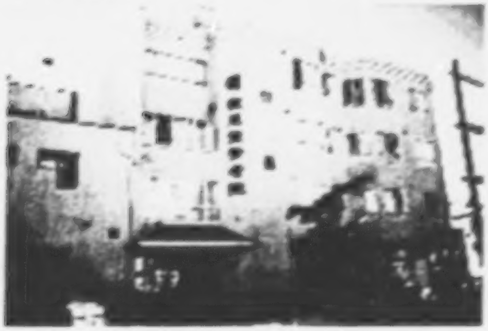
Chinese Mennonite Seniors Home, Vancouver



Overview

The Vancouver Chinese Senior Home opened its doors in November, 1996. A rental housing project in the heart of Vancouver's Chinatown, it serves seniors of Chinese origin by providing them with a place to live and support care services close to their community's cultural and religious centre. The facility consists of 32 small self-contained units that can accommodate up to 44 elderly residents. This four-story building includes a foyer space which provides residents with access to a common kitchen, dining area and a multi-purpose room. Meals and housekeeping services are provided on a daily basis to all residents.

The project costs totaled $2.485 million.The Church contributed a total of approximately $1.481 million; a combination of donated land and monies raised through community fundraising initiatives. VanCity's Community Deposit Investment Program provided an NHA insured mortgage worth $1.004 million at 1 per cent below the prevailing rate. The CMHC guaranteed the mortgage.

Relevance to Affordable Housing Sponsors

- Illustrates that some financial institutions will consider providing mortgage financing at favorable (i.e., below market) interest rates if the project is consistent with the priorities of their corporate philanthropy program.
- Shows that affordable housing projects that address the housing and social needs of a specific ethnocultural community are likely to receive philanthropic support from within the community.
- Demonstrates the role played by religious congregations in taking responsibility for addressing the social issues (including housing) that are relevant to their constituencies.
- Illustrates how a project leader with vision, enthusiasm, and credibility in the community can motivate volunteers and mobilize support.

Background

The Chinese Mennonite Church is not unlike the many religious congregations that have assumed, or are increasingly assuming, responsibility for their elderly constituents. By providing affordable housing specifically for elderly Chinese-Canadians, the Church recognized a need in its community and is enjoying the success of fulfilling it.

Objectives

The Project was motivated by the Chinese Mennonite Church's desire to provide affordable housing that serves its elderly in an environment that addresses their specific cultural needs, including diet and language.

Besides providing culturally appropriate affordable housing, the Vancouver Chinese Mennonite Church provides the supportive care services that are often needed by the elderly. Each room is equipped with a call button, allowing tenants to have access to 24-hour emergency care.

Social Issue/Cause

Like most Canadians, Vancouver's Chinese community is dealing with the realities of a rapidly aging population. Seniors often prefer to relocate to the city so that they can be closer to a wider range of medical services and so that they may enjoy more convenient access to shops, friends and planned seniors' activities. However, an inflated real-estate market has made that difficult for the many who seek quality affordable housing.

Located in Vancouver's east side "Chinatown" district, the Chinese Mennonite home collectively solves an individual's problem for the many seniors who want to enjoy the benefits of city living. Already the home manages a waiting list of over fifty people.

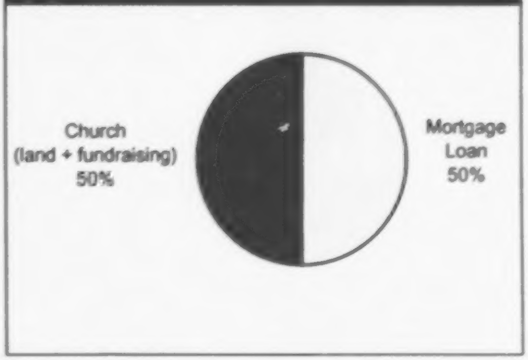
Initiator

The Vancouver Chinese Mennonite Church is the lead sponsor of the project. The project is spearheaded by Reverend Stephen Lee; a former refugee from China, Lee also helped to establish British Columbia's first refugee resettlement centre in 1979.

The Vancouver Chinese Mennonite Church donated the land for this housing development, valued at approximately $0.68 million and raised the nearly half-million dollars needed for construction. The Church's total contribution, together with church-sponsored local fundraising events, was valued at approximately $1.5 million. The home is managed for the Church by its own housing society—a registered charitable organization able to issue tax receipts to donors.

Partners

Chinese Senior Home—Sources of Funding



Provincial: Providing ongoing operating subsidies through their FAVOUR Program, the provincial government lowers the monthly fees paid by most residents by some $200 to approximately $1,150.

Vancouver City Saving Credit Union: provided the mortgage of $1.481 million based on a 25 year term at the reduced interest rate of 7.2 per cent. The mortgage included a loan of $0.5 million through the VanCity Community Foundation's Community Investment Deposit Account. This account helps to finance affordable housing projects at a reduced interest rate.

CMHC: assisted as a partner in this project by providing insurance for the construction loan financing and by insuring the mortgage of $1.004 million under the National Housing Act. CMHC's Canadian Centre for Public-Private Partnerships in Housing (CCPPPH) also provided the Vancouver Chinese Mennonite Church with interest-free project development funding of $47,080 which helped the group bring this project to fruition.

Other: The City of Vancouver also supported the project by approving the rezoning and thus the building of the Chinese Mennonite Church Senior Home. Other supporters of this project included VanCity Enterprises who offered a reduced fee for its services and the builder, Walter Goertz Construction, which has helped the Mennonite Church with other projects.

Fundraising Methodology

Approximately 70 per cent of the target $0.5 million was raised through individual contributions. Approximately 20 per cent of the funds raised were to purchase the exclusive "naming rights," on ten rooms in the home. The remaining 10 per cent was raised from the proceeds of a large Chinese banquet. Regular articles appeared in the local Chinese newspaper and ads on Chinese radio publicized the Chinese Senior Home Campaign, which enjoyed the wide support of the community.

These fundraising efforts were initiated by a special committee that later became the Chinese Housing Society. The group did not use a professional fundraiser, nor did they have any professional staff to undertake these tasks.

Philanthropic Support

The support was secured primarily in two forms—land was donated from the Church and the Chinese community raised approximately $500,000.

Philanthropic Donors

Significant philanthropic support came in the form of cash donations from the Chinese community members. The cash donations ranged from $100 to $1,000. Large donations were solicited by providing room-naming rights for a room within the Senior Home. Ten philanthropic donors had the opportunity to donate $10,000 for the naming rights to a room. Approximately $40,000–$50,000 was raised from a special Chinese community banquet. Although tickets cost between $50 and $100 each, it was a key social event and as Reverend Lee is quick to recall, "the food was so delicious." Overall, donors were motivated to support the project because it addressed a specific and pressing need in their community.

Impact/Outcome

The Vancouver Chinese Senior Home is such a successful model that the Church is currently in the process of developing additional housing projects, including both a 5-unit and a 10-unit housing project. The Church will continue to use its successful model: the support of a financial institution, a partnership with CMHC that guarantees the loan, and local fundraising.

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St. Demetrius Development Corporation, Etobicoke

Overview

St. Demetrius is a 259-unit apartment building for Ukrainian citizens over the age of 65. The St. Demetrius Development Corporation, an independent non-profit housing corporation, operates the property. The housing corporation has a full time staff of five. The staff consists of an executive director, an apartment manager, administrative support, and maintenance.

The project costs totaled approximately $14.3 million and the St. Demetrius Development Corporation was able to obtain mortgage financing thanks to accommodations made by CHMC to its traditional mortgage insurance financial lending guarantee program. The land was leased from the St. Demetrius Church, which agreed to a 40-year lease.

Relevance to Affordable Housing Sponsors

- Illustrates the need for a dedicated project leader with the vision, enthusiasm, and credibility necessary to motivate volunteers and mobilize support.
- Demonstrates that by targeting the affordable housing needs of a ethnocultural group, sponsors can galvanize support from the its members of the community.
- Shows that, for the right project, affordable housing can be created by securing the support of many philanthropic donors—and without the support of major corporate partners, and foundation donors.

Background

In the early 1960's, Father Tataryn noticed his pews starting to fill with the influx of Ukrainians moving to Etobicoke. Among the new members of his congregation were many senior citizens for whom there existed few specific social activities or services. Father Tataryn, concerned that they might have difficulty adapting to their new home, conceived of a seniors' "drop-in" centre. His idea was soon realized when the church purchased a farmhouse and converted it into a seniors' centre. Only then, though, did they realize the much larger need for a full-scale seniors' housing complex. The success of the drop-in centre reinforced the need for a housing project.

Conveniently, Church land was rezoned in the early 1970's for high-rise development and the Church was encouraged by the city to take advantage of this change. Despite the initial protests of local residents who wanted to see the area preserved for single family dwellings, the project went ahead.

Currently, the residence is home to approximately 300 seniors with varying levels of income. Rental rates range from $545 for a small bachelor to $899 for a two-bedroom apartment.

Tenants have access to subsidy assistance through the Ontario Community Housing Assistance Program.

Objectives

The primary objective was to provide low cost, secure housing for Ukrainian seniors. A secondary objective was to provide social and religious programs and support for Ukrainian seniors.

Social Issue/Cause

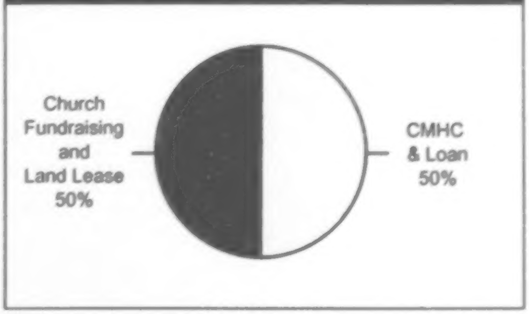
A survey in the early 1970s indicated that there was an increase in the city's elderly Ukrainian population, as people moved out of Toronto to Etobicoke. The housing project was built to provide affordable housing for this population.

Initiator

The St. Demetrius parish of the Ukrainian Catholic Episcopal Church, under the leadership of Father John Tataryn, raised a significant amount of money through charitable fundraising in the parish community. In addition, the Church owned the land and provided a favorable 40 year lease to the St. Demetrius Development Corporation.

Partners

St. Demetrius Senior Residence —Sources of Funding



Canada Mortgage Housing Corporation: CMHC provided an initial project development financing loan of $15,000 to start the project. Additionally, CMHC agreed to make an exception to its normal mortgage insurance underwriting criteria and provide mortgage insurance which facilitated lender financing of this large mortgage.

Fundraising Methodology

Volunteers from the parish community did the majority of the fundraising. Volunteers canvassed the Toronto Ukrainian Church community and held numerous raffles, bake sales and rummage sales.

Nature of Philanthropic Support Provided

The Ukrainian community has a philosophy of respect and social responsibility for their elderly. Their strong sense of social responsibility towards seniors in the community originates from the understanding that senior citizens are considered the pioneers of Canada and among the core group who founded the country.

Philanthropic Donors

There are few issues more important or closer to the hearts of Ukrainians than ensuring that their elders have a safe place to live where they can meet and socialize with their peers and be cared for by a professional staff. It is a culture that deeply honours its elders, their connection to history, and their importance to the community. A project such as this naturally enjoys a high level of support from community members.

Impact/Outcome

The success of the St. Demetrius project is underscored by the long list of seniors waiting for space to become available. Many of the residents have lived almost twenty years in the senior residence, and have "grown with the place." As its population ages (the current average age of residents at St. Demetrius' is 85), St. Demetrius Development Corporation has recognized the need to provide supportive care services within the complex. This means additional services that assist residents with housecleaning, personal care, and provide 24-hour a day emergency response.

With a solid track record and years of experience, St. Demetrius recently expanded and built the Ukrainian Canadian Care Centre. The 120-bed nursing home provides a range of services from senior housing, to supportive living, to long-term care.

The St. Demetrius Church community continues to work with the St. Demetrius Development Corporation on ideas and suggestions for the future.

Contact

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Ukranian Canadian Church Care Centre
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Etobicoke, Ontario
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W.J. Phillips Seniors Residence, Albertson, PEI

Overview

The small town of Albertson, PEI, is the new home of a 28-unit seniors' residence. It provides 14 independent living units and 14 community care beds in a supportive and comprehensive facility. Offering more services than a typical seniors' home, though fewer than a long-term care facility, the W.J. Phillips Seniors Residence is a pioneer in the provision of what has become known as "enriched" care.

Relevance to Affordable Housing Sponsors

- Illustrates that even in a small community, affordable housing can be created if the project is endorsed and supported by the community.
- Shows that members of a community may be willing to provide personal financial guarantees to obtain financing.
- Shows how municipal support (i.e., reduction of property taxes) can help leverage philanthropic support in the community.
- Demonstrates that by communicating the other related social benefits of a project (in this case, local job creation) it is possible to secure other sources of funding that would not otherwise be available for affordable housing.

Background

The project was conceived in response to the apparent community need for a facility for seniors unable to live independently in their homes. The need was assessed and confirmed by the regional health board.

Objectives

The specific objectives of the organization were to develop a purpose-built facility, offering affordable housing for long-time area residents.

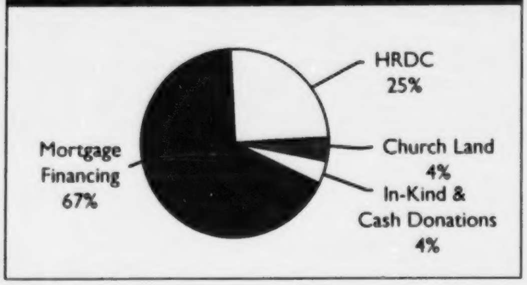
Social Issue/Cause

A close-knit community in Canada's smallest province, Albertson area residents were reluctant to move away in order to get the care they required. As demand grew, the feasibility of a local seniors' home increased, especially with the added mandate of providing "enriched" services.

Initiator

A new charitable organization and management consortium, Enriched Residential Care Concepts Inc., was created to develop and operate the facility. Its board is comprised of many community advocates, including representatives from five religious denominations and various professions.

Partners



W. J. Phillips—Sources of Funding

Anglican Church: The local Anglican Church donated the land, valued at $36,000. Local churches, the health authority, and some individuals and businesses signed letters of intent (totaling $56,000) to use as a guarantee against unforeseen costs in construction, low revenues during the first months of rental or an operating shortfall. The consortium used these guarantees to secure a second mortgage from CIBC. Happily, there were no claims made against any of these guarantees, and the project finished within its budget. The group fundraised $10,000 through a local campaign aimed at local businesses.

HRDC: Human Resources Development Canada (HRDC) was the single largest contributor providing a grant of $250,000 from the Transition Job Fund, based on the creation of both construction jobs as well as seven permanent staff positions at the facility.

CMHC: Canada Mortgage and Housing Corporation (CMHC) provided a repayable project development loan of $26,000 to assist in predevelopment costs. The corporation also provided mortgage insurance on the first mortgage loan provided by the CIBC.

The Municipality: The municipality also granted a reduction in property taxes which improved the operating expenses

Fundraising Methodology

The group fell short of its initial target of raising $30,000 from local businesses. Although they raised only $10,000, a local lawyer donated his services to the consortium and the project's architect charged a reduced rate. Enriched Residential Care Concepts ran the campaign themselves and did not hire a professional fundraiser.

Philanthropic Support

The project received only $10,000 in private donations, but was able to secure $56,000 in guarantees from local individuals and businesses.

Philanthropic Donors

The project has enjoyed the strong support of the community since its inception. The primary motivator for those who donated money was likely an interest in assisting the area's senior residents, most of who were likely known by the donors. Enriched Residential Care Concepts is a registered charity and issued tax receipts. For most donors this was only an ancillary benefit.

Unsuccessful efforts

The group had set a fundraising target of $30,000 but fell two-thirds short of this goal. The campaign has continued since the completion of the facility. In addition to approaching local businesses, a number of requests were prepared and submitted to private foundations. The proposals emphasized the Corporation's community-centric approach, the novelty of the "enriched care" concept, and the high incidence of very low-income seniors in the area. None of these proposals, however, were successful.

Impact/Outcome

The project was completed in the summer of 1998. It provides 28 residents with a variety of support services including: 24-hour monitoring, meal preparation, laundry, and access to health services. There is no intention at this time to expand this facility or build elsewhere.

Contacts

Partnership Courier February 1998
Fenton Jeffery, ERC Concepts
Phone (902) 853-3109

Auberge du bon temps, Sainte-Monique, Quebec

Overview

Auberge du bon temps is a 21-bed home for seniors in Sainte-Monique near Alma in the Saguenay/Lac St-Jean region of Quebec. A small town of only 900 people, Sainte-Monique has become home to a new small-scale, community-based solution to caring for its elderly. With a capital budget of only $600,000, the town turned to the municipality, which contributed space inside an already renovated school building as well as $25,000. Sainte-Monique residents alone raised $180,000, a remarkable feat in a town of only 900. A CMHC-insured loan was provided by a local bank.

The project involved refurbishing and outfitting a section of an old school and the construction of a new wing. The site was already occupied in part by the local library (which was relocated to the basement), a drug store, a community health centre, and a restaurant, which were not affected by construction. Residents themselves have covered the operating costs since the project's opening in 1992. The organization receives annual tax exemption and/or contributions from the municipality of approximately $5,000 per year.

Relevance to Affordable Housing Sponsors

- Illustrates that, in a small community, it is possible to galvanize philanthropic support for an affordable housing project that is perceived to be an invaluable asset to the community.
- Demonstrates that affordable housing projects are more likely to succeed when the appropriate balance is struck between what is feasible in terms of project scale and fundraising potential and what is required to met the social needs of the community.

Background

The municipality first considered the project between 1982 and 1984. A committee of volunteers was created in 1989. The first major steps were taken: planning, feasibility studies, and meetings with partners and community members. Incorporation was completed in 1990. Construction began in the summer of 1992 and the Auberge du bon temps opened in the fall of the same year. The municipality paid for operational costs of the committee between 1984 and 1992.

Objectives

The overall objectives were to build a small, local solution for area seniors unable to live independently and provide the added benefit of new jobs.

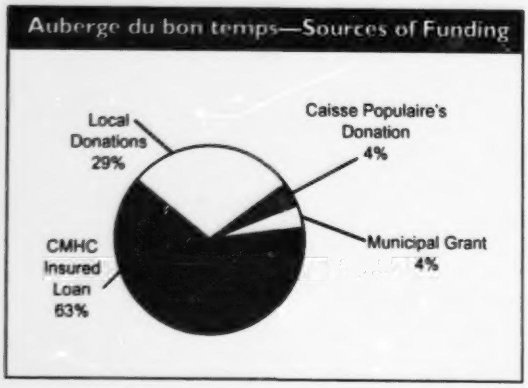
Social Issue/Cause

Sainte-Monique is a small community with an aging population that has a strong desire to remain in the community. This project addressed that desire. It also coincided with the town's larger priority of "keeping our people in the community." An ancillary benefit was the creation of 7 to 10 new jobs.

Initiator

The local committee of volunteers sponsored the project in association with the town council and the regional municipality.

Partners


Auberge du bon temps—Sources of Funding

Fundraising Methodology

Funds were raised by direct appeal to area residents and businesses, though an ad also appeared in the local paper. Individuals and families were asked to contribute $500 and local businesses $1,000. The organization was not a registered charity however, and could not issue personal income tax receipts. Only local businesses were able to deduct donations. Individuals were given an opportunity to make donations through monthly payments of $10 over 50 months. Most donors opted for this plan.

Philanthropic Support

Philanthropic support consisted primarily of corporate and individual donations.

Philanthropic Donors

The vast majority of philanthropic support came from corporate and individual donations.

Impact/Outcome

The project has been a success and a waiting list for seniors who would like to move into the home is beginning to grow.

Regretfully, town planners admit that they only have enough money to provide the most basic services to their senior citizens. They would like to provide more activities for residents, but the funds aren't available.

There are no plans to expand the existing facility.

Contacts

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Directrice générale
Auberge du bon temps
138, rue Honfleur
Sainte-Monique, Québec
J0W 2T0
Phone (418) 347-5107

Few would find much to laugh about when it comes to homelessness, but the volunteers at Raising the Roof, a national organization committed to raising money for affordable housing projects, can't help but smile. By hosting a variety of special events every year, forcing bright toques onto the heads of unsuspecting citizens and broadcasting an annual comedy gala, Raising the Roof has quickly become the country's most recognizable advocates on poverty and homelessness.

Habitat for Humanity has a long history of success when it comes to building affordable housing. An international organization that works in partnership with religious congregations, governments, and businesses, Habitat for Humanity has been the source of some of the non-profit housing sector's some most innovative and effective models for new home construction.

Both the World Vision Self-Build Aboriginal Housing Project and Winnipeg's North End housing program have brought new hope and skills to their communities. By focusing on training and education as well as construction, unemployed volunteers walk away from a project with new job skills and either the chance to continue their education or re-enter the job market.

The Fife House Foundation opened its first set of doors two years after it was formed. Since then it has grown with the support of various levels of government and the donations of private individuals to provide 90 per cent of Toronto's supportive housing units for people living with HIV/AIDS. It's an organization that has become a model of efficacy in marrying social issues and health care with housing needs.

Raising the Roof, National Program

Overview

Raising the Roof (RtR) is a national charitable organization that is dedicated to raising money for affordable housing projects across Canada. Using high profile advertising strategies, special events, and a nationally broadcast comedy showcase, RtR uses laughter to normalize the discomfort that many people feel with the issue of homelessness.

By partnering with established community based organizations, Raising the Roof presents contributors with concrete goals on how donations will be spent and acts as a conduit to raise funds. In the 1997-1998 fiscal year it raised $220,000. For the current fiscal year, ending in June 1999, it is anticipated that RtR will double its contribution receipts to an amount in excess of $400,000.

Relevance to Affordable Housing Sponsors

- Demonstrates how a charitable organization has begun to raise the awareness and profile of the affordable housing issue—the first step to influencing potential donors by creating a "climate" that is more conducive to raising funds.
- Illustrates how working with community-based organizations can raise the local profile of affordable housing and the homeless housing needs of the community.
- Shows how involving high-profile community leaders and media/ entertainment personalities can establish credibility and attract other influential community leaders who are potential donors.
- Demonstrates the importance of using creativity and enthusiasm to capture the attention of the media and the interests of corporate and individual donors to support the creation of affordable housing.
- Illustrates that donations of free services can be as valuable as cash donations.
- Shows that major support of affordable housing projects is dependent on establishing relationships with key corporate and individual donors and demonstrating social value from their perspective.

Background

The organization was created in 1996, by reorienting the mandate of the Canadian Non-Profit Housing Foundation (CNPHF). Re-conceived as "Raising the Roof," the new organization immediately undertook a feasibility study of its fundraising capacity to develop a strategy and action plan.

Objectives

The objective of Raising the Roof is to develop and maintain a national strategy for answering the plight of the homeless. This includes building partnerships across the public, private, and non-profit sectors in order to broaden their understanding and increase their commitment to the issue. A five-year fundraising plan, initiated in 1998, to raise $5 million for local projects across Canada has established the following goals:

- develop a blueprint for action;
- launch a national event to raise awareness and assist partnership building efforts to address homelessness;
- raise and allocate more funds to community-based organizations nationally by expanding from the initial demonstration in Toronto;
- establish a program of shared learning and best practice around the broad issues and underlying causes of homelessness.

Since its inception, RtR has enjoyed a close partnership with five Toronto-based organizations serving the homeless. In 1999, RTR is expanding to Vancouver, Calgary, Montréal, and Halifax where similar community partnerships have been established.

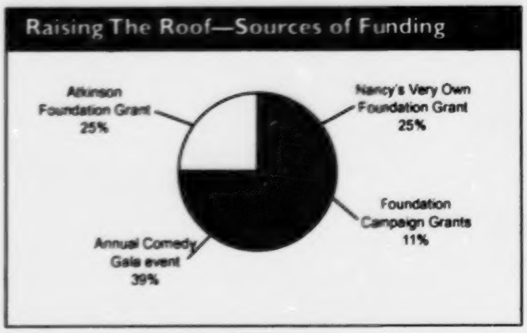
Social Issue/Cause

By refocusing CNPHF's mandate, Raising the Roof strategically identified homelessness as a high priority social issue (rather than the more general issue of affordable housing) that could be a rallying point to attract public attention and raise funds.

Initiator

By expanding on the original mission of the Canadian Non-profit Housing Foundation, Raising the Roof has renewed its commitment to eliminating homelessness in Canada. Renaming the organization was a strategic decision which has garnered tremendous support and has increased the organization's fundraising potential.

Partners



Raising The Roof—Sources of Funding

Foundations: The McConnell Family Foundation provided initial financial support. This paid for professional consultants to begin a fundraising feasibility analysis and prepare a strategy for the revitalized organization.

Two other foundations, the Atkinson and Nancy's Very Own Foundation, have jointly committed to funding $55,000 over three years. The grant is used to cover operating costs and is intended help the organization become self-supporting.

A broad range of private sector enterprises and corporations donated in-kind services including print and visual media advertising. Global TV donated expertise and resources to develop and broadcast a month long series of TV ads in December 1998 (valued in excess of $500,000). Global TV also agreed to match individual contributions to a maximum of $30,000 in the Toronto Gala week campaign (the maximum $30,000 was surpassed). In 1999, the Toronto comedy gala (whose revenues exceeded those in 1998 by 18 per cent), will be broadcast on the Comedy Network as part of a fundraising campaign soliciting individual donations through a 1-888 number. Almost $25,000 has been raised by strategically targeting small private foundations that have a common social agenda.

An advisory group comprised of leaders from the financial and entertainment sectors, other businesses, and the community provided both advice and in-kind services from their organizations. Their participation also added credibility, while establishing important connections with the private sector.

The primary contributions have been generated from individual donations, receipts from gala tickets, and corporate contributions. In 1998, RtR secured its first major corporate sponsor, RBC Dominion Securities, which pledged $150,000.

Fundraising Methodology

As a fundraising entity, Raising the Roof is staffed by professional fundraisers, has a specific mandate, and is able to issue tax receipts.

RtR has developed a number of strategies aimed both at raising funds, and equally important, raising awareness and educating the general public (and corporations) about homelessness in Canada. Specific fundraising vehicles include:

- Comedy 'à la carte,' a week long festival, involving entertainment (with a nationally broadcast television special) and public education initiatives.
- A direct mail campaign.
- Advertising in the national TV media through 30-second public service announcements (with assistance from Global TV) and through the Homes Publishing Group, which has donated a full page of advertising space in its popular home publications.
- Contacts and regular meetings with influential corporate and community leaders.

In fiscal 1998 the organization raised almost $220,000 in donations. The costs invested to generate this return totaled approximately $30,000. This included office administration and contract staff involved in both fundraising and public affairs.Board members and volunteers also donated substantial time.

Philanthropic Support

The support received encompasses a wide range of cash and in-kind contributions from both business and private foundations, as well as from many individual donors.

Philanthropic Donors

The strong brand recognition Raising the Roof enjoys is certainly a major component of its success in soliciting donations from major corporations. The corporations themselves are pleased to be aligned with what the public considers to be a fresh, innovative, and successful organization.

Individuals and corporations are eligible for tax receipts as Raising the Roof is a registered charity; however, as is usually the case, the tax receipt is not the prime reward for donors.

RtR works closely with partners to develop promotional events of mutual benefit and interest (e.g., print media ads with Harry Rosen wearing the RtR toque, and the Homes Publishing Group, which provides free ad space).

Unsuccessful efforts

While the efforts of RtR to date have been very successful and are building momentum, the greatest challenge is now emerging —managing the varied agendas of an increasingly wide variety of partners. A critical lesson for others is the need to maintain a focus on the objectives —it is important to be flexible, but not to the point where objectives are compromised.

Impact/Outcome

Raising the Roof has had admittedly only a modest impact when measured in dollars. However, its real success has come from the attention it has garnered and the agenda it now commands.

While it has not become a direct advocate or lobbyist to government, its influence in generating public support for this cause is very significant. One of the organization's top priorities over the next five years will be to endow a building fund to be used to initiate the construction of new affordable housing.

Contacts

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Raising the Roof
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Sources: Raising the Roof Annual Report 1998.

World Vision: Self-Build Aboriginal Housing, Manitoba and Saskatchewan

Overview

This initiative seeks not simply just to build affordable housing in northern and rural communities, but also to teach home-building skills to unemployed or under-employed local residents. The organization looks to teach relatively simple construction techniques and use local materials wherever possible. Of course, the homes could not be built were it not for the volunteers who make up the projects' "sweat equity." The projects are meant to be self-sustaining once land and materials have been contributed. The properties are then mortgaged to extract the equity for a revolving loan fund that carries the costs of new construction.

Relevance to Affordable Housing Sponsors

- Illustrates how community support can be provided through "in-kind" donations of materials and supplies that can reduce project costs.
- Shows that in order to effectively address the long-term issue of the availability of adequate affordable housing it is necessary to go beyond building—wherever possible, it is also important to transfer knowledge and teach communities the skills necessary to develop their own affordable housing.

Background

In 1997 the World Vision Aboriginal Council, a charitable organization, began a program to re-introduce the "straw bale" building technique to a number of communities in northern Saskatchewan and Manitoba. Local communities with an identified shortage of housing became candidates to host the program and were encouraged to participate in the planning process.

Objectives

The proof-of-concept initiative included three communities. Each community set out to construct one demonstration home. The organization hoped to not only construct the much-needed homes, but also to expand the local skill base so that the process could continue.

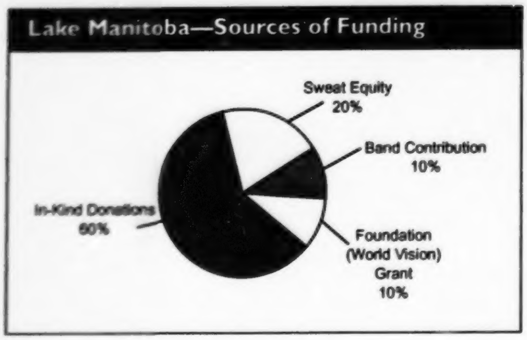
Social Issue/Cause

The communities have suffered from a weak local economy, high unemployment, and a shortage of housing. This initiative sought to provide jobs, train workers, and create new affordable housing.

Initiator

As an initiative of the World Vision Aboriginal Council, the organization provided staff time for community development training and supervised the project from start to finish. It also assisted in the identification and supervision of teaching staff, and coordinated bulk purchasing arrangements for building materials.

Partners



Lake Manitoba—Sources of Funding

The communities each provided the land for the program. In the case of the Lake Manitoba project, the Band made a small cash contribution towards the project. The primary source of donations was in-kind contributions of building supplies, including straw bales, windows and doors, roof trusses, and electrical wiring. Habitat for Humanity, an internationally recognized provider of housing to low income people, agreed to share its outline for planning and executing "sweat equity builds," its mortgage pool management system, and its financial and administrative structure.

CMHC and CHRA provided a grant of $11,000 to assist in documenting the potential of the Straw Bale building technique and developing the concept of a revolving loan fund. This helped to offset some of the costs of the co-ordinator, but is not reflected in the capital cost of the project.

Fundraising Methodology

Resources were primarily raised through the solicitation of in-kind support from trade associations and building material suppliers. This fundraising was administered by the program co-ordinator. The initiative spanned two winters, during which time there was the opportunity to meet with suppliers while weather stopped construction.

Philanthropic Support

As noted, most philanthropic contributions were in-kind donations. Community members, some of whom may eventually occupy one of the homes, contributed their own "sweat equity." The municipality or Band also contributed land and servicing arrangements.

Philanthropic Donors

The trade associations and materials donors were motivated by a number of factors:

- The opportunity to learn a new skill, in this case the construction of the novel "straw bale" home.
- There was a broad coalition of support across the community, among the trades and suppliers, and within the non-profit sector.
- The realization that if this demonstration proved successful it would empower the communities to take charge of their own affordable housing dilemmas.
- Building the first house at no cost and mortgaging the equity (valued at $45,000–50,000) provided cash to sustain the program through a revolving loan fund and the ability to purchase materials for subsequent units.

Due to its charitable status, World Vision is able to issue tax receipts, which, in some cases, were given to suppliers to reflect the contribution of materials or services.

Unsuccessful efforts

World Vision tried, without success, to secure government capitalization of a building fund that would be used to purchase building materials and expand the program more rapidly. While initially interested, the government program ultimately denied the request because sufficient funding was unavailable.

Impact/Outcome

In Lake Manitoba, a house was completed and is occupied; delays in Cumberland House meant that the house was not completed until this past spring. In Sioux Valley, the home has been constructed twice and both times burnt down by vandals. The program has succeeded in many of its objectives, but it has had difficulty sustaining the momentum needed to expand its activities into other communities. Most of its difficulties have had to do with a lack of funding. Future homes may be built at least for cost.

Contact

Terry Leblanc
World Vision Aboriginal Council
Phone (204) 729-0622

Sources: Homegrown Solutions report

Habitat for Humanity Canada, National Program

Overview

Since 1976, Habitat for Humanity International has built and rehabilitated more than 80,000 houses with families in need, and has become a world leader in addressing the issues of poverty housing. Former U.S. President Jimmy Carter's personal involvement in Habitat for Humanity has brought the organization national visibility and sparked interest in Habitat's work internationally. As a result, the organization has experienced a dramatic increase in the number of new affiliates.

Established in 1985, Habitat for Humanity Canada (HFHC) is an affiliate of Habitat for Humanity International, and has built more than 300 homes in Canada. It is an independent, non-profit housing organization dedicated to constructing new homes for families in need.

Relevance to Affordable Housing Sponsors

- Illustrates how the participation of high-profile personalities (in this case, former US President Jimmy Carter) can establish credibility and attract other influential community leaders who are potential donors.
- Illustrates the value of "sweat equity", free volunteer labour, to produce affordable housing (in this case, recipient families are required to contribute 500 hours of labour to help build their own home and other Habitat homes).
- Demonstrates the importance of establishing relationships with corporations whose business is strategically aligned with the issue of affordable housing (i.e., building supply manufacturers and retailers) —especially for "in-kind" donations.

Background

Habitat builds affordable, adequate housing in partnership with corporations, foundations, organizations, faith communities, and individuals. Their motto is "A hand-up, not a handout." HFHC operates through affiliates in 47 communities across the country. Families seeking housing apply to their local Habitat for Humanity affiliate. A committee of volunteers chooses homeowners based on their level of need, their willingness to participate, and their ability to repay the mortgage. Currently, a three-bedroom Habitat house in Canada costs the homeowner, on average, only $80,000. This is made possible because of donated land, donated building materials, and thousands of hours of volunteer labour.

Objectives

Habitat relies on volunteer labour and donations of money and building materials to build simple, decent homes in partnership with prospective homeowners. Houses are sold to families at no profit and are financed with zero-interest mortgages.

Social Issue/Cause

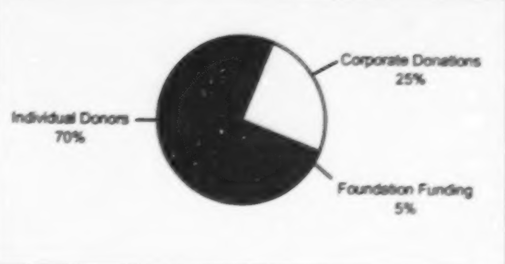
The need for decent affordable housing in Canada is a well-known fact. Based on figures in a recent UN study, approximately 11 per cent of Canadians live in poverty. Habitat wants to help these individuals and families have simple, decent, and affordable shelter. Unfortunately, with fewer than 100 HFHC homes constructed each year, the problem remains overwhelming.

Initiator

Habitat for Humanity Canada is a registered non-profit organization with a National Board of Directors that determines policy and guides operations. Board members are volunteers. HFHC's National Office operates with an administrative staff, assisted by a core group of dedicated volunteers. A local volunteer board manages each Habitat for Humanity affiliate. Approximately 70 per cent of cash donations for HFHC comes from individual donors; 25 per cent of cash and gift-in-kind comes from corporations; and, 5 per cent of cash comes from foundations. Roughly 90 per cent of HFHC's revenue is directed to programs/house-building and 10 per cent is allocated to administration expenses.

Partners

Habitat for Humanity Canada
—Sources of Funding



Individual Donors: Habitat receives support from individuals across Canada who believe that everyone deserves a decent place to live. These individuals provide the cornerstone for all of Habitat's activities and the core of its support.

Corporations/Foundations: There are a number of special National Sponsors who have played a very important role in the development of HFH in Canada by providing ongoing financial and gift-in-kind support through long-term partnerships. These include: Armstrong World Industries, BPB Westroc, Canadian Gypsum Company, Dow Chemical, The Home Depot Canada, The London Telecom Group, Imasco (and subsidiary companies), Petro-Canada, Royal Bank Financial Group, and numerous other companies and foundations.

Fundraising Methodology

Habitat for Humanity Canada nurtures financial funding relationships that support its building projects. This is accomplished through a comprehensive fundraising program that utilizes direct marketing, corporate and foundation support, sponsorships, and planned giving.

Habitat's base of support is reflective of the general Canadian philanthropic scene with individual donors providing the majority of the $4 million in annual revenues and corporate, foundation, and organizational support rounding out the balance.

Philanthropic Support

Support for Habitat for Humanity is raised through partnerships with corporations, foundations, faith communities, local businesses, and individuals. Support comes in the form of cash, donations of building materials, bequests of land and volunteer labour. Government funds are accepted for the acquisition of land or for houses in need of rehabilitation.

Philanthropic Donors

Concerned citizens and businesspeople become involved with Habitat for Humanity to help provide safe, decent shelter for families in need. The life-changing results of Habitat's work instill pride in donors and volunteers. Corporations and foundations become involved because the results of their contributions are tangible and long-lasting. It gives them an opportunity to give back to their community.

Impact/Outcome

Since its inception, Habitat for Humanity has built over 300 homes across Canada. The program continues to grow, with affiliates building more homes every year.

Contact

Mr. John Mavrak
Director of Development
& Communications
Habitat for Humanity Canada
40 Albert Street
Waterloo, Ontario N2L 3S2
Phone (519) 885-4565

North End Housing Project, Winnipeg

Overview

This initiative combines a training program covering construction, renovation, basic life skills, and basic literacy with the construction of affordable housing. Funding has been secured through a private foundation, by grants from HRDC under the auspices of the Winnipeg Development Agreement, and by leveraging the equity of donated land and homes. The long-term goal of the sponsor group is to stabilize and revitalize a declining inner-city neighborhood.

Relevance to Affordable Housing Sponsors

- Illustrates that in communities where property values are very low and resale unlikely, property owners can be interested in selling their properties in return for a tax receipt.
- Shows that by going beyond the issue of affordable housing to encompass other related social issues, sponsors of affordable housing can be eligible for a broader range of government grants.
- Demonstrates that affordable housing projects that also include skills training and educational components can attract government funding that would not otherwise be available.

Background

This initiative is a response to a problem of decline and neglect in an existing inner city neighborhood characterized by deep poverty, absentee landlords, drugs, and crime. It seeks to capitalize on the low value of existing homes while also stemming the process of decline.

Objectives

The objectives remain long term—to revitalize the district. Currently, the process is being carried out incrementally. To have a meaningful impact, board members realize that they will need a large-scale campaign. They envision such a campaign as a partnership between the public, private, and voluntary sectors.

Social Issue/Cause

The decline of Winnipeg's North End can be attributed to several factors including unemployment, high crime rates, and a poorly educated resident base. Often these problems become self-enforcing and other problems emerge including chronic abuse of drugs and alcohol, and a rise in violent crime. Accompanying this negative spiral of social ills is often a complete and steady collapse in property values. The North End Housing Project takes advantage of this final effect and uses it to gain control of the property and begin restoration. Following renovation, the homes are rented to low income households.

Initiator

The North End Housing Project was spearheaded by a non-profit community development agency, the Community Education and Development Association (CEDA).

Funded by the United Way of Winnipeg, CEDA has existed as a community development agency working to improve inner city areas for over twenty years.

Partners

Foundations: The Bronfman Foundation provided $90,000 in initial operating funding. This supports the salary of a project co-ordinator for three years.

Government: A tripartite agreement between the city, province, and federal government (through HRDC) (the Winnipeg Development Agreement) is providing funding of approximately $230,000 annually to cover the costs of a skills training and education program.

The Vendors: Vendors of the first and third home aided the acquisition process by accepting a charitable receipt, based on the appraised value of the house, rather than cash as payment.

CMHC: Canada Mortgage and Housing Corporation (CMHC) provided mortgage insurance that allowed the organization to borrow against the value of donated homes in order to raise capital for additional acquisitions.

The Assiniboine Credit Union: The Credit Union provided mortgage financing on the homes and has extended credit to cover those costs which cannot be deferred by volunteer labour.

The Residents: Neighbourhood residents, mostly unemployed and on income assistance, participate in a skills training program and provide free labour to repair and renovate the homes.

Fundraising Methodology

To date, CEDA has received most of its funding from private charitable foundations and from government.

The opportunity to capitalize on CEDA's charitable status by issuing tax receipts in lieu of cash payments for run-down properties has met with limited success. It was effective in a few cases, but it has not been attractive enough to encourage other donations of property.

CEDA's long-term goal is to revitalize 250 homes over the course of five years. In order to meet this pace, the organization has set a goal of raising $1 million, to be paired with $5 million in promised public funding and $6.75 million in mortgage financing from lending institutions.

CEDA staff is undertaking these efforts. There is no professional fundraising staff at this time.

Philanthropic Support

There are two principal forms of philanthropic support: the grant from the Bronfman Foundation and the willingness of existing property owners to accept charitable receipts rather than traditional cash payment.

These two sources have sustained the demonstration phase, but they will not be sufficient as the North End Project expands.

Philanthropic Donors

The Bronfman Foundation, through its urban issues program, supports local community development. It provides support for a project co-ordinator with the expectation that the recipient organization and its project will become self-sustaining.

The individual vendors who accepted charitable receipts in exchange for donated property were motivated by enlightened self-interest. There are few willing purchasers of property in the area, and the likelihood of a private sale was small. An offer from the CEDA/North End Project was likely a rare opportunity for the owner to dispose of the property. The tax receipt provides an opportunity for the vendor to shelter taxable income, although the effective value of the receipt will depend on the vendor's marginal tax rate. Current tax legislation allows the deductibility of charitable donations up to 75 per cent of net income. In the event that the appraised value was greater than the undepreciated capital cost of the property, the transaction will lower the vendor's exposure to capital gains. Donated assets are subject to a reduced capital gain exclusion rate of 37.5 per cent.

Unsuccessful efforts

To date, CEDA's fundraising activities have centred on securing program funding. CEDA has not yet mounted a broad fundraising campaign.

Impact/Outcome

To date, the organization has been successful in acquiring and renovating 10 homes and has provided training to 45 individuals each year. CEDA hopes, in the short-term, to begin renovations on 15 to 25 homes annually before ramping up to their five-year plan. It is important to remember, however, that the desired social change—a revitalized community with employment opportunities and affordable housing—remains a distant goal. This is not a function of philanthropic support, or lack thereof, it merely reflects the magnitude of the challenge.

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Sources: Partnership Courier Vol 7:1

Fife House, Toronto

Overview

Fife House was started by a group of concerned members of the community, led by Mary Anne Shaw, who were inspired by the story of George Fife, a local lawyer who lost his struggle with AIDS. It was established as a charitable organization on February 10, 1988. The first residence, Denison, opened July 1, 1990. Two more residences followed: Hastings in June 1991 and Gladstone (for women only) in November 1996. In addition, in June 1996, Fife House began providing support services to residents of an 83-unit apartment building (Jarvis).

Fife House's mission is to provide secure and affordable supportive housing and support services to persons living with HIV/AIDS. Fife House currently provides 90 per cent of the supportive housing for persons living with HIV/AIDS in Toronto. Fife House is registered as a charitable organization and is able to issue tax receipts as per Canada Customs and Revenue Agency guidelines.

Relevance to Affordable Housing Sponsors

- Illustrates that it is possible to attract philanthropic support for affordable housing initiatives that address a specific and recognizable issue and population group.
- Shows that funding is available for affordable housing projects that address issues that have been identified as a priority by local and provincial governments.
- Demonstrates that philanthropic donors and government funding bodies are often more interested in funding what happens inside an affordable housing project than by supporting the cost of the building itself.

Background

Fife House has four programs that offer 24-hour support delivered by qualified staff and volunteers. Fife House offers a range of comprehensive services including: personal care support, homemaking, advocacy, and assistance with the activities of daily living. Denison House and Hastings House both offer housing and support services for five adults with HIV/AIDS. Gladstone House provides housing and support services for females living with HIV/AIDS. Support services only are provided to residents of an 83-unit building on Jarvis Street. The target population for all Fife House residences is people sixteen and over who are living with HIV/AIDS. Individuals must be able to manage their personal finances and medication, be willing to live in a co-operative environment, and work towards achievement of individually identified goals.

Objectives

The Foundation exists to provide supportive housing and support services to persons living with HIV/AIDS. In order to facilitate its mandate, Fife House believes it is necessary to provide not only affordable housing but also services and care that enhance the residents' quality of life and help increase their independence.

In practice, this philosophy of care means that staff and volunteers work in partnership with the residents and other community service providers.

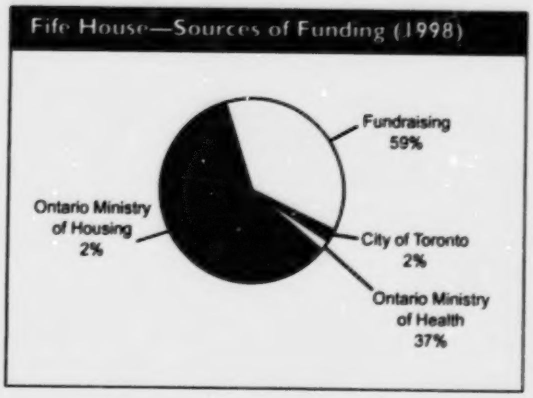
Social Issue/Cause

Fife House is an undisputed leader in the creation of affordable housing projects that address the needs of people with HIV/AIDS. By being so narrowly focused, the organization can most directly and effectively serve its constituency. Also, it reaps the benefit of being identified as a "single-cause solution" allowing it to focus its appeals and build a strong name bolstered by its specific and measurable success.

Initiator

Mary Anne Shaw founded Fife House in 1988, in honor of her friend George Fife with a dedicated group of volunteers. The founding group was instrumental in the opening of Denison, the first Fife House, in 1990.

Partners


Fife House—Sources of Funding (1998)

As per audited income statements for fiscal 97/98, revenue sources include fundraising (donations, foundations, associations, and events); government funding (Ministry of Health, AIDS Bureau, Ministry of Housing, Municipal); and rental income.

Government of Ontario: Denison House was heavily subsidized by the Ministry of Housing. Through its Long Term Care branch, the Ministry of Health paid for the majority of supportive care services.

City of Toronto: The municipality's hospital services branch assisted in the provision of support care services.

Fundraising Methodology

Fife House raises funds through direct mail solicitations, direct appeals to corporations and foundations, and by organizing special events. Yuk Yuk's Toronto, the local branch of a national comedy franchise, was the location for the very first Fife House fundraising event. Its success became a model for future fundraising events.

Philanthropic Support

Fife House does not specify the largest sources of its philanthropic support.

Philanthropic Donors

For an organization like Fife House, the most significant donations are made as a result of either the donor's personal experience or some other connection to the illness. The organization does issue tax receipts but the clear benefit for donors is the satisfaction of helping those in need. When appropriate, individual and corporate donors receive recognition in the Fife House newsletter and annual report.

Impact/Outcome

Fife house continues to provide affordable supportive housing for those living with HIV/AIDS. The scope of the initial project has broadened, and Fife House is investigating transitional housing for homeless people that are HIV positive. In addition, Fife House recognizes the need to provide more outreach services. An example is the Mirmax/Fife House proposed partnership. Mirmax has recognized the expertise of Fife House, and has asked Fife House to provide support services and care for a residence they own on Mutual Street in Toronto.

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Other Social Issues

Successful fundraising for other social issues usually involves a combination of factors: a recognizable cause, good marketing, a coherent strategy, dedicated volunteers and experienced staff, to name only a few. The National Aboriginal Achievement Awards, the Canadian Living Foundation and the Canadian Breast Cancer Research Initiative are each examples of organizations that have pulled together the right resources, the right ideas, and the right people to make a real difference with regards to their respective issues.

The Canadian Breast Cancer Research Initiative, Toronto

Overview

The Canadian Breast Cancer Research is a social issue partnership of the public, private and voluntary sectors. It is a partnership in which those with a vested interest in breast cancer research have joined together to pool their research funding in order to support research of the highest quality. In its first five years, the Canadian Breast Cancer Research Initiative (CBCRI) raised $39 million in support of 147 research projects.

Relevance to Affordable Housing Sponsors

- Illustrates the need to raise public awareness of affordable housing as a significant social issue.
- Shows that a partnership forged from the public, private and voluntary sectors is a viable way to generate the significant funds required to support expensive projects such as affordable housing.
- Demonstrates that to continue and to thrive, partnerships have to serve the needs of all the partners involved.
- Shows that by maintaining a careful balance in priorities, the needs of the corporate sector can be served along with the needs of the voluntary and public sectors.

Background

Prior to the development of this social issue, initial support for breast cancer research was fragmented. Many small research organizations mounted their own campaigns. Consequently, the contribution from the corporate sector to the overall issue was very minimal. In addition, there was no sophistication in corporate fundraising. The playing field was further fragmented, as it was a policy of the Canadian Cancer Society at the time not to accept donations or funding for site-specific cancer (such as colon or breast). At that time, the Canadian Cancer Society believed that the integrity of the research process should be preserved, and money should be allocated where the Cancer Society felt it was necessary.

Objectives

The Canadian Breast Cancer Research Initiative has three primary objectives:

- To finance a broad spectrum of cancer research in Canada that will have relevance for prevention, early detection, diagnosis, treatment, rehabilitation, and palliation for people impacted by breast cancer.
- To ensure the highest possible standard of research excellence through the scientific peer-review process.
- To establish and maintain an alliance of partners consisting of national business, non-profit agencies, government, and the community in order to generate the resources necessary to aggressively pursue this initiative, building upon and enhancing existing programs and facilities.

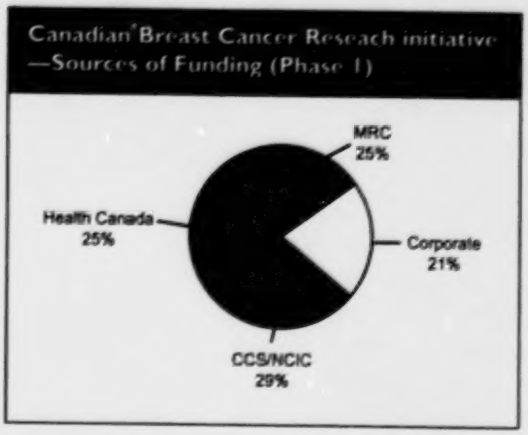
Social Issue/Cause

Breast cancer is currently the leading cause of death among women between the ages of 35 and 55. In response, breast cancer survivors have created a groundswell of support to focus attention and resources on the ways to prevent, and ultimately, cure breast cancer. The ambitious monetary commitments from the federal government were a measure of the political will underpinning the demand that more be done about breast cancer.

Initiator

The donations committee of the Royal Bank was looking for a more strategic approach to the allocation of their marketing dollars. Breast Cancer Research was suggested because it was an under-funded area that was relevant to the majority of its employees. (Approximately three-quarters of the Royal Bank employees are women.) The Royal Bank contributed a total of $1 million over two years. The Royal Bank, having selected the cause as a priority for funding, aggressively and energetically canvassed the corporate community to help raise money for research and public awareness.

Partners


Canadian Breast Cancer Reseach initiative —Sources of Funding (Phase 1)

The Canadian Cancer Society (CCS): The Canadian Cancer Society, a charity, raises funds for cancer research as well as for many cancer-related information and support programs. Through its research arm, the National Cancer Institute of Canada, it is the primary supporter of cancer research in Canada. In 1992, the Canadian Cancer Society changed its existing policies and took the bold decision to accept site-specific donations in support of site-specific cancer research.

National Health Research Development Program (NHRDP): Health Canada became focused on a special breast cancer initiative when women parliamentarians initiated an inquiry with the Subcommittee on the Status of Women. The 1992 report Breast Cancer: Unanswered Questions demanded a concerted effort against breast cancer. Health Canada initiated a five component program in support of breast cancer issues, of which research was only one component. Through this one component, Health Canada is one of the partners in the CBCRI.

Health Canada's funding for Breast Cancer Research was flowed through another program, the National Health Research and Development Program.

National Cancer Institute of Canada (NCIC): The NCIC was designated the administrative home of CBCRI due to its strong research record. The NCIC became the manager of CBCRI funding and grants. Establishing credibility for supporting high quality research was critical for CBCRI, so CBCRI merged its scientific peer review process with that of the NCIC, whose reputation for scientific excellence was well regarded. The National Cancer Institute of Canada is dedicated to supporting Cancer Research and has long been the research arm of the Canadian Cancer Society.

Medical Research Council of Canada (MRC): The Medical Research Council of Canada is the primary funder of medical and health research in Canada. It receives funding from the federal government and is a separate entity from Health Canada. The Medical Research Council entered into the CBCRI partnership after allocating a portion of its own research-funding budget to support CBCRI. For the Medical Research Council, the CBCRI is a partnership, which works well in expanding research dollars to support more high quality breast cancer research.

Fundraising Methodology

A fundraising firm provided a feasibility study and strategic recommendations. Individual board members were responsible for researching potential organizations and using their connections to approach corporations.

Philanthropic Support

CBCRI has allocated $39 million to 147 different breast cancer research projects across the entire spectrum of breast cancer research, including prevention, early detection, treatment, fundament laboratory investigation, quality of life and health services, and other special areas such as alternative therapies and communications. The funded grants support researchers in nearly every province in the country.

Philanthropic Donors

Besides the government, reacting to a groundswell of support from Canadian women, corporations in the private sector realized the significance of the health insurance costs and the medical costs associated with breast cancer. Breast cancer was seen as an important cause to support because more women were in the workforce. A significant portion of working women were aging and, thus, statistically more likely to develop breast cancer.

Despite the relevance of the cause, there was an initial barrier when it came to securing funding. Senior corporate executives, the majority of the them men, were responsible for making funding decisions and felt little connection to the cause.

Impact/Outcome

By joining together to fight breast cancer through the Canadian Breast Cancer Research Initiative, the government, charitable and corporate sectors have decided to build on the first term's success (1992–1997) and to continue with a second five-year initiative (1998–2003).

In 1998, CBCRI was expanded to include three more partners: the Breast Cancer International Centre, the Canadian Breast Cancer Foundation, and the Canadian Breast Cancer Network. This expanded partnership is more inclusive and permits more funding than ever before to be more effectively focused toward breast cancer research.

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Canadian Living Foundation, National Program

Overview

In 1992, after reading the background research for an upcoming article on child hunger in Canada, the editors of Canadian Living decided to take action. After further research they announced their plans to found a new national non-profit organization which would run nutrition programs for children. So far, the Canadian Living Foundation has succeeded in raising national attention for the issue of child hunger and has continued to provide resources to help local communities manage their own initiatives. The Foundation has three divisions: the Nutrition Grants Program, Nutrition Education Resources, and Community Partnerships.

Relevance to Affordable Housing Sponsors

- Illustrates the potential for a national organization to raise the profile of an important social issue and, as a result, significantly increase philanthropic support, government funding, and in-kind support.
- Shows how a national organization can provide intermediary support (i.e., programming, training, infrastructure, and start-up support) that will facilitate fundraising and programming at a local community level.
- Demonstrates that corporations are able to provide significant support—but that their support is directly proportional to the "strategic fit" with their business and social agendas and the relevance to their markets/customers.
- Illustrates the value of securing in-kind media support to help promote the cause and acknowledge the support of corporations and government funders, and other supporters.
- Shows that to secure a significant level of support from a national corporation, it is important to understand the corporation's key business partners at a local level (i.e., retailers, distributors, franchisees, etc.) and to create programs and benefits that add value to these relationships.

Background

The Canadian Living Foundation is committed to the goal that, " Every child in Canada [go] to school well nourished and ready to learn." The Foundation supports grassroots groups of teachers, parents, and school administrators. The Foundation's role is to act as a catalyst—to teach groups how to set up and run successful nutrition programs in their school or community. On a national basis, the Nutrition Grants program receives approximately 50 per cent of the funding, with the Nutrition Education Resources and the Community Partnership programs each receiving approximately 25 per cent.

Objectives

The primary objective of the Canadian Living Foundation, through the Breakfast for Learning Program, is to provide seed money to communities that start new breakfast programs and to improve the nutritional content of existing breakfast programs.

Social Issue/Cause

The Canadian Living Foundation is the only national organization specifically focused on the school nutrition issue. It was formed in 1992 to address the needs of hungry children.

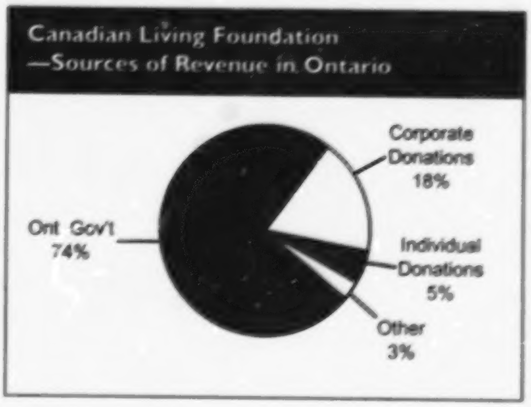
Child hunger is not linked exclusively to poverty or the economic means of families. Many children go to school hungry for a number of reasons, including the lack of adult supervision at mealtimes, poor nutritional role models, and domestic violence.

The foundation aims to bring attention to the importance of nutrition as it relates to children's ability to learn at school. Teachers know that kids learn best when they have eaten a nutritious breakfast. Behaviour and discipline problems are also reduced when children have been properly fed.

Initiator

The editors of Canadian Living magazine, with the full support of its parent company, TeleMedia Communications, founded the Foundation. TeleMedia has continued to actively support the Foundation through its donations of office space and equipment.

Partners


Canadian Living Foundation
—Sources of Revenue in Ontario

Provincial government: Provincial support varies by province. The governments of the Yukon Territories and Newfoundland have dedicated funds for school-based child nutrition programs. In Ontario, the provincial government provided the Canadian Living Foundation with $4.3 million in start-up funding in 1996 to help parents and communities set up and expand nutrition programs for children. In 1998, the Ontario government committed to ongoing support of $2.5 million per year to support child nutrition programs through the Canadian Living Foundation.

Corporate Sector: Various fundraising activities have involved the corporate sector. Event sponsorships and special promotions, along with pure philanthropic donations of money and service, have all been important components of the fundraising mix. The Foundation has held a recipe contest with Newman's Own Inc. and the Canadian Living magazine. Additionally, Newman's Own, Inc. donates $25,000 (US) from the sale of their product in Canada to the foundation.

Promotions have been varied. They have included the collection of Universal Price Codes (UPC's) or Breakfast for Learning logos, which appeared on various food brands. For each logo collected, a donation was made to the foundation.

Productive Partnerships: The Canadian Living Foundation has brokered partnerships with governments and the private sector to help support child nutrition programs in Canada. A pilot project was launched in Ontario with the Grocery Industry Foundation, the Ontario Government and the Canadian Living Foundation. The grocery industry provided $1 million worth of food supplies per year for three years to support school nutrition programs. By absorbing handling and distribution costs and forfeiting margins, the food industry can provide food to community nutrition programs for less than one quarter of what it would normally cost.

Other: Other corporate support has come from companies such as Imperial Oil, The Body Shop, and the Royal Bank Financial Group. The McCain Foundation continues to support child nutrition programs in New Brunswick and Manitoba through the Canadian Living Foundation.

Fundraising Methodology

Again, fundraising varies by province; however, the majority of the fundraising comes from corporations and foundations. The Grocery Industry Foundation provided $1 million worth of food supplies per year for three years to support school nutrition programs. In the province of Ontario, the government is a major sponsor of the Canadian Living Foundation. Approximately 65 per cent of the Ontario budget comes from government coffers. Corporations and foundations have contributed upwards of $600,000. Individual donations are not a significant component of total fundraising.

Philanthropic Donors

There are few issues more important, or closer to the hearts of Canadians, than ensuring children get the nutritious food they need to grow and learn. The issue of child hunger and nutrition resonates well with most Canadians. A 1997 survey by Thompson Lightstone found that nearly 70 per cent of Canadians believe that child hunger is more important than both national unity and the deficit. Philanthropic donors are motivated by the issue and by the "strategic fit" between their core business (primarily food-related—Newman's Own and Grocery Industry Foundation) and the issue of hunger.

Impact/Outcome

The Canadian Living Foundation's Breakfast for Learning program provides an efficient, effective, and proven mechanism for delivering community-based child nutrition programs. It only costs 85¢ to feed a hungry child a nutritious breakfast, 55¢ for a snack and $2.00 for a lunch. Through partnerships with the public and private sectors, the Canadian Living Foundation has been able to support over 2,000 child nutrition programs across Canada.

The Canadian Living Foundation does not own or operate any of the programs it supports. It is a proven mechanism for promoting a national program that is community based. The addition of the federal government would help leverage the participation of the provinces and would result in an expansion of the program to more Canadian communities.

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National Aboriginal Achievement Awards, National Program

Overview

The National Aboriginal Achievement Awards (NAAA) program was established by the National Aboriginal Achievement Foundation (NAAF) in 1993 and is an awards system that recognizes career achievements by Aboriginal people in diverse occupations. The awards, supported by the public and private sectors, are an initiative of the Aboriginal community and represent the highest honor the community bestows upon its achievers.

The awards were created as a way to build self-esteem and pride for the Aboriginal community and to provide role models for Aboriginal youth. For the general public, the awards cast the capabilities and aspirations of Aboriginal people in a new and powerful light. They serve to inform this audience of the strides that can be made when an individual has the discipline, drive, and determination to accomplish his or her goals.

Individuals of First Nations, Inuit, and Métis ancestry who have reached a significant level of achievement in their respective occupations are eligible for nomination. Each year a national jury comprised of accomplished and respected Aboriginal people selects 12 occupational achievers, one youth and a lifetime achievement recipient for a total of 14 awards. The NAAA recipients are honored at a gala awards ceremony held in a different city each year. The awards ceremony is subsequently televised as a CBC network special.

Staging the annual awards program costs approximately $1 million and is financed through a combination of government grants ($300,000), a corporate sponsorship ($450,000), and ticket sales to the gala ceremony ($250,000).

Relevance to Affordable Housing Sponsors

- Demonstrates the value of creating priority for an issue by increasing its profile (in this case, thorough a nationally televised awards program).
- Shows that by achieving significant profile it is possible to provide tangible marketing value to corporate and government partners, and, as a result, significantly leverage the number and amount of sponsorships, donations, and grants.
- Illustrates that although achieving positive profile and recognition is expensive and time-consuming, the benefits in terms of social change and fundraising are far more than would otherwise be possible.

Background

The National Aboriginal Achievement Foundation (formerly the Canadian Native Arts Foundation) is a nationally registered charitable organization created in 1985 by Mohawk conductor and composer John Kim Bell.

Now in its second decade, the Foundation has promoted the importance of education for Aboriginal youth, and advocated for an inclusive role of Aboriginal people in Canadian society. The cornerstone of its mission is to award educational scholarships to Aboriginal youth.

As the Foundation has grown over the past fourteen years, its focus has evolved from the aboriginal arts and cultural sectors to reflect the broader social needs of aboriginal students and the aboriginal community. To address these needs, the Foundation initiated a number of new programs including the National Aboriginal Achievement Awards.

Objectives

The overall social objective of the NAAA is to encourage education and training for Aboriginal youth as a fundamental requirement for employment. The strategy is to create role models for Aboriginal youth by recognizing and profiling achievement in the Aboriginal community. The foundation realized that a small-scale local awards program would be of limited effectiveness. In order to encourage behaviour change on a national basis, it would be necessary to package the awards as an annual national television special.

Social Issue/Cause

The NAAA is designed to encourage education and training for Aboriginal youth as a necessary prerequisite for employment. In addition, the program is intended to counteract negative stereotypes of Aboriginal people.

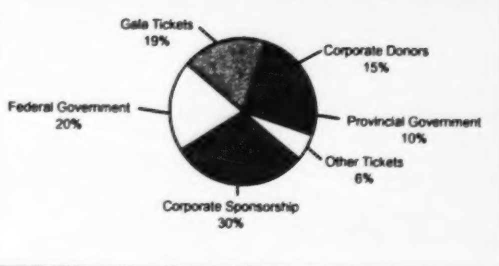
As a result, the award program has a number of target markets: Aboriginal youth, leaders in the Aboriginal Community, corporate decision-makers who have influence in the hiring of Aboriginal people, and key stakeholders in all levels of government who are responsible for developing policy and allocating funding.

Initiator

The National Aboriginal Achievement Foundation is an initiative of the NAAA. The Foundation is registered as a charitable organization and is able to issue tax receipts to donors.

Partners

The National Aboriginal Awards
—Sources of Funding, 1998



Federal government: Led by the Department of Indian Affairs, the NAAA received a total of $200,000 from the following federal departments—Fisheries, Agriculture, HRDC, Defense, Natural Resources, Justice, and Health.

Provincial government: British Columbia, Alberta, and New Brunswick have each supported the NAAA. In addition, the "host" province each year typically provides funding.

For example, although the Province of Ontario does not provide ongoing annual support, funding was granted in 1997 when the awards gala was held at the Hummingbird Centre in Toronto.

Corporate Sponsorship: The lead corporate sponsors of the NAAA are Canadian Imperial Bank of Commerce (CIBC) and the Canadian Broadcasting Corporation (CBC). CIBC provides approximately $200,000 in cash and CBC provides approximately $100,000 of in-kind support (technical expertise and TV advertising time) to the project. Secondary sponsors include Placer Dome North America, which provides approximately $25,000 in cash, Amoco, which provides approximately $25,000 in cash, and Air Canada, which provides approximately $25,000 in air travel value.

Corporate Donations: In addition to corporate sponsors, the NAAA is supported by approximately 35 corporate "Honour Circle Members" who contribute a total of approximately $125,000 per year to the project.

Ticket Sales: In addition to corporate donations, corporations and individuals purchase gala and non-gala tickets to the awards ceremony. The proceeds from the tickets sales each year can vary depending on where the event is held. On average, however, approximately $250,000 is raised from 2,000 to 2,500 tickets costing between $25 and $250 each.

Fundraising Methodology

Fundraising for NAAA consists of three main strategies. First, encouraging existing corporate sponsors and donors, government departments and agencies, and individuals to renew their support. Second, approaching new prospective donors in order to replace support lost through annual attrition and to increase the base of support. Third, the organization places a major emphasis on securing support from corporations and individuals in the city where the awards ceremony is held.

Fundraising is done in a number of ways. The President of the NAAF, John Kim Bell, arranges personal meetings with decision-makers at all government departments and agencies, corporate sponsors, and Honour Circle Members. In addition, Mr. Bell meets with decision-makers at local corporations who might be interested in the issue and the event.

Philanthropic Support

Corporations are encouraged to sponsor the event either with direct donations or by the donation of in-kind services, such as technical expertise (CBC) or air travel (Air Canada). Individuals can make charitable donations or purchase tickets to the Gala.

Philanthropic Donors

The majority of corporations and individuals support the NAAA because they believe in the social issue—education and training. Among this group are members of Aboriginal band councils and other Aboriginal people who are not affiliated with a specific band or reserve.

Many corporate sponsors and Honour Circle Members, however, have dual motives. On the one hand they clearly support the issue and respect the organization's work and track record. On the other hand, many have commercial reasons for supporting what is now Canada's highest profile Aboriginal event. For example, CIBC has announced its dedication to meeting the financial and non-financial service needs of all Aboriginal people in Canada. Placer Dome recognizes the importance of the land and traditional territories to Aboriginal communities and actively involves local Aboriginal community consultation, input, and involvement in areas where there are mutual interests at stake. Both companies see their association with the NAAA as a means to improve their business relationships with Aboriginal people across Canada.

Unsuccessful efforts

Not all solicitations have been successful. Many corporations, foundations, and individuals have declined support for a variety of reasons including lack of interest in the project and cause and limited availability of funds.

Impact/Outcome

As noted above, the NAAA was created as a way to build self-esteem and pride for the Aboriginal community and to provide role models for Aboriginal youth. After six years, the program has emerged as the highest profile Aboriginal event in Canada and has attracted larger television audiences each year. In addition, the number of nominations has increased each year.

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Requirements for a Successful Fundraising Campaign

While all affordable housing projects are unique, there are some key factors that unite all successful major fund-raising campaigns: institutional preparedness, effective planning, a persuasive and realistic case for support, key leadership and board commitment, and pace-setting gifts. While smaller fund-raising campaigns may not require the same degree of effort and complexity as detailed below, the factors, considerations, and processes outlined can be equally applicable for smaller campaigns as they are for major ones.

- **Institutional Readiness**—Institutional preparedness implies campaign readiness that is both internal and external to the organization. As to internal campaign readiness, does the organization have the necessary staff (full-time or voluntary) to support a fundraising campaign and, if so, what is their level of experience? Does the organization have the record systems needed to track donor information? Is there a program for donor cultivation and acknowledgment? Is the organization gaining or losing major donors?

  In regard to external preparedness, is the project's board of directors effective? How well does the board articulate the vision of the institution or project in the community? Is there board leadership to guide the feasibility/development study process? Are there identified campaign leaders on the board? Is the board committed to mounting a campaign?

- **Effective planning.** For sponsors not familiar with the philanthropic fundraising process, the most effective way to plan for a major fundraising campaign in support of an affordable housing project perhaps is to contract a campaign feasibility, or development, study with a professional fund-raising consulting firm. For smaller campaigns, which may not be able to afford in-depth professional help, the guidance, direction, and support of local people experienced in the area should be sought.

- A campaign feasibility/development study, which may be thought of as a sophisticated market research survey, addresses the feasibility of the project and outlines preliminary steps in mounting the campaign. Such a study is based primarily upon personal interviews with key individuals who are close to the institution and/or who can give generously to the campaign. The study interviews seek answers to the following:

  Case for support. Are the organization's needs understood? What size goal is appropriate and how much can be raised?

  Campaign leadership. Are there regional or local community leaders who will work for and support the organization's effort? What type of campaign strategy and organization structure is correct?

Campaign prospects. Are the largest gifts needed by the campaign now available? What share should come from individuals, corporations, and local foundations in the region or community?

Campaign timing. How long should the campaign take? When should the campaign be announced?

Campaign budget. What should the campaign cost? What budget savings might be developed to reduce costs? What cash flow should the institution expect from the campaign?

Campaign staffing, How should the campaign be managed? What role should the organization's or project's staff have? Where should the campaign office be located?

It is only after the feasibility/development study process is complete that campaign planning can begin in earnest. Incampaign planning the following three critical elements come together in an extraordinary synergy to carry the campaign forward:

- **A persuasive and realistic case for support**—A compelling case for support is "larger than itself" in presenting the needs of the organization. The most persuasive case is brief, clear and simple, and includes:
    - an executive summary
    - the organization's mission and long-range goals;
    - current needs of the organization, supported by facts;
    - the campaign goal to meet these needs; and
    - a gift range table: number and level of gifts required; ways of giving; named gift opportunities, and board members and campaign leadership.

  A case for support may be thought of as an investment prospectus, for it interprets and explains the campaign for prospective donors, and it looks at the organization from the supporter's point of view. Ultimately, a convincing case will present all of the reasons for making a significant contribution to the campaign. Incidentally, the case often is more comprehensive than the brochures that will be developed from it. As a document, the case is more likely to be used as a reference for planning and enlistment than for solicitation.

- **Key leadership and board commitment**—Successful campaigns require leaders who personally will invest time and resources in the campaign. Board members and local community leaders are strong candidates for campaign leadership because of a demonstrated commitment to the institution: They have participated in the long-range planning process, have identified current needs, and have approved a campaign goal that is both reasonable and significant. Leadership involvement brings a heightened sense of personal commitment to the project, and financial support flows naturally with the count of the campaign. Great campaign leaders have great personal qualities: they are respected in their communities; are engaging and articulate; enthusiastic in their ability to enlist and motivate other volunteers;

give adequate time to campaign tasks; have the capacity and willingness to make a leadership gift; and have the ability to solicit other leadership gifts from peers.

- **Pace-setting gifts**—Campaigns are about big gifts. Whether large or small, capital campaigns are "driven" by leadership gifts; and without lead gifts, campaigns have little chance of reaching their goals. It is standard practice in campaign management to assume that there will be at least three major donor prospects for every gift required on the gift range table. These prospects must include those who are willing to make the top gifts that will set the pace for the campaign. Campaign practice mandates that solicitations occur "top down, inside out." This means that the largest gifts are sought first from those closest to the institution, and other solicitations are made in sequence according to size.

Achieving success in a capital campaign is more than reaching a financial goal. Many benefits accrue during the course of planning and implementing a campaign; the organization and/or project becomes better known; individuals, corporations and foundations become closer to the organization; annual giving may increase; and the development staff becomes disciplined in the artful finesse of donor cultivation. Celebrate this success and remember to say "thank you."

Chronological Steps For Fundraising Success

The purpose of this appendix is to provide a succinct "thumbnail" chronological sketch of the steps involved in fundraising success.

1. Institutional Readiness

- The organization and/or project's Board of Directors should review its composition. Successful fundraising organizations usually include persons of affluence and individuals who are influential in the community. Following its review, the Board may wish to complement its existing membership by inviting such individuals to join them.

- Intensify the project planning. At every step involve as many board members, volunteers, and potential large supporters as possible.

- Prepare preliminary written materials describing the project, its history, rationale, and case for support. Stress the project's benefits to the community.

- Prepare a number of project budgets. Examine the total contributed income necessary to operate the organization and/or project and accommodate your capital/endowment requirements. Use a spreadsheet program to examine a number of "what if" scenarios. For example, examine the contributed income requirements of raising the entire project cost; also, examine the possibility, implications, and ramifications of financing various percentages of the capital portion of the project cost.

- Refine your preliminary materials based on your discoveries during the preliminary budget formulation process. You should now have a broad tentative outline for:

    - a case for support;
    - a project plan and time-line;
    - a flexible financial model;
    - the tentative income requirements;
    - an understanding of your needs on a prioritized basis;
    - an understanding of how the project fits into the institution's over-all long-range plan;
    - a preliminary gift pyramid (This chart indicates how many gifts at each giving level are needed to complete the campaign. Your development staff or campaign counsel can help you construct your pyramid.)

2. Infrastructure Readiness

- Check to see how involved volunteers, advisory and/or governing bodies and potential supporters have been in the planning. If anyone has been neglected, brief them and make every effort to get them involved.

- Form a resource development committee that will study fund raising principles and practices. This committee will seek advice and work with counsel to formulate your fund raising strategy.

- Improve your record keeping ability. Strengthen your fund raising information system. If you do not already have a computerized system, purchase dedicated fund-raising software—particularly important for major fund-raising campaigns. You will need a system that can accommodate detailed information about each supporter and potential supporter and a means of recording pledge balances and payments. An information system capable of segmenting prospective donors by giving potential and other criteria is a necessity.

- Begin prospect research. Focus on four key factors:
  - the prospective donor's interests;
  - the prospective donor's relationship to your project;
  - the prospective donor's capacity to give;
  - the prospective donor's network of associates.

- Be sure to keep written records of this information. At this time you should begin to arrive at specific request amounts from specific donors.

- Arrange for some briefings of key volunteer, advisory and governing bodies concerning fund raising principles and practices. Use these opportunities to stress the importance of pace-setting leadership gifts from those closest to the project.

3. Market Planning Study

- For major campaigns, help choose a fund raising consulting firm to conduct your market planning study. Negotiate fees and terms. For smaller campaigns, obtain guidance, direction, and ongoing support and feedback from local people experienced in fundraising in the community.

- The study will also benefit you in the following ways:
  - your plans can be established within a context of rational financial goals. The study tests the reality of your project's contributed income requirements;
  - you will gain valuable insights into community perceptions of your organization;
  - potential volunteer leaders with the peer relationships needed for success will be identified during the study process;
  - potential major gift donors will be identified;
  - these potential leaders and major gift donors will become more familiar with your programs, aspirations, and the need for the capital project; and,
  - you will be able to position your internal and external resources to meet the challenge of a major fund raising campaign.

- Prepare a summary of the case for support and a "gift pyramid" indicating the number and level of gifts required to successfully complete the campaign.

- For major fund raising campaigns, at the heart of the planning study is a series of confidential interviews between representatives of the consulting firm and selected individuals representing key prospective donors and volunteers of affluence and influence. The confidential nature of the interviews allows the interviewees to speak candidly and have maximum input into the planning process. The interviewees are sent a summary of the case statement prior to the interview. For smaller campaigns, similar efforts need to be undertaken to determine prospective donors' interest in the project.

- For major campaigns, your consultant will review the findings and prepare specific recommendations regarding your campaign goal, campaign strategies, campaign timing, volunteer leadership, case for support, and other recommendations unique to your particular circumstances. For smaller campaigns, the project's Board of Directors should review and assess the results of the survey and its impact on potential fund raising initiatives.

4. Campaign Readiness

NOTE: Your specific strategies, tasks and timing will, in large part, be shaped by your professional staff and/or fund raising counsel.

- Intensify prospect research and capacity ratings (determine request amounts of specific donors). This is an extension of the process begun prior to the interviews.
- Recruit campaign leadership.
- Finalize the fund-raising goal and project plans. Reach agreement on the budget and financial model.
- Revise the case statement.
- Develop strategies, plans, and time-lines. Those closest to the project and those capable of lead gifts are solicited first.
- Adopt campaign policies and procedures.
- Refine your gift pyramid and assure that you have named gift opportunities that correspond to the various gift levels.
- Refine your prospect research so that you match potential donors with appropriate gift opportunities.
- Plan marketing and public relations activities and acknowledgement events that support the sequential nature of the solicitation process.
- Produce brochures and other visual materials.

5. Implementation and Solicitation

- Customize materials and develop individualized cultivation and solicitation strategies.
- Again, stress the importance of sequential solicitations and face-to-face contacts.
- Prepare to solicit lead gifts during the "quiet phase" of the campaign.

- Solicitor assignments—match ideal solicitor to prime prospects. Achieve agreement on appropriate request amount.

- Solicitor orientation and training.

- Begin solicitations with governing board, staff and pace-setting leadership gifts.

- Upon completion of the "quiet phase," you can expect the top ten gifts to equal not less than 33 per cent of the goal. Don't overlook special situations where one or two extremely large gifts can bring the top ten total to a greater percentage.

- When you have quietly secured approximately 50 per cent of the goal you can go public.

- Solicit the second and third tier gifts.

- Conclude your campaign with your broad-based appeal. Give every potential supporter an opportunity to participate. (This is the only phase of the campaign that might use mail and phone. All other solicitations are face-to-face.)

Planned Giving in Canada

As Canada's population ages, more and more Canadians are considering what sort of legacy they intend to leave behind. As a result, many charitable organizations in Canada consider planned giving to be the single largest source of untapped fundraising income. Planned giving has also taken on significant importance for the country's banks and investment houses.

What is Planned Giving?

Planned giving is gift planning; that is, the process of designing charitable gifts to allow the donor to meet philanthropic objectives while maximizing tax and other financial objectives. Generally, *any gift of significant size made with forethought about the benefits to the charity and the financial implications to the donor and the donor's family is a planned gift*. Most planned gifts are deferred, although many are outright gifts. In short, a major gift for current needs, consisting of securities or real estate, structured and timed both to limit tax on the capital gain and obtain full benefit of the tax credit, is a planned gift.

Planned Giving and Demographic Trends

Currently, one of every eight people in this country is over age 65; that proportion will increase to about one in five by 2050. Estimates in Canada project that as much as $4 trillion will be transferred from one generation to the next over the next 45 years, half of it by the year 2015. In fact, this transfer of wealth has already begun and will continue well into the next century, though not at a constant rate.[24] For example, people born in the 1920s and earlier have provided bequests to charities in recent years. Due to the lower Canadian birth rate throughout the 1930s and early 1940s, however, the future transfer of wealth will slow, but it will increase dramatically as the post-war "baby boomer" generation reaches its later years.

An additional factor favouring planned giving among baby boomers is their smaller-than-average families, thus leaving many of them in a position to leave more of their wealth to charity.

What Kinds of Organizations Are Best Suited for a Planned Giving Program?

While most charitable organizations should encourage gifts of securities, bequests, life insurance policies and other gifts that require little administration or liability, not all should take the next step and establish a formal planning giving program. Organizations that meet the following criteria are best suited to establish such a program.

Organization that are well established and perceived to have a long-term future—Most hospitals and universities are highly visible and are bound to their donors by historical ties. Arts, social service, and religious organizations in operation for decades also meet this requirement. New charities, however, created to meet a more temporary need, would likely struggle to attract planned gifts. With regard to affordable housing, this observation favours more established organizations such as community foundations, as opposed to establishing a new charity.[25]

Organizations that have a constituency of at least 1,000 people over age 50. Universities established before 1960 will likely have alumni in the plus 50 age group. Hospitals, likewise, have many older former patients.

Arts groups, such as symphonies, have many patrons who are middle-aged and over. Community colleges, however, most of which were established in the late 1960s and early 1970s, lack an elderly constituency and therefore must appeal to a wider market.

Organizations whose donors have given at least $100.00 in the last year—Constituent giving reflects loyalty and higher donation amounts reflect capacity to give. Some people who give little during their lifetime often leave large bequests to charities, although most major gifts come from people who have consistently and generously supported the charity through the years.

Organizations that can best make current investments for future return—The average period from a commitment to the maturity of a planned gift is about 15 years. Therefore, while some gifts, such as major outright gifts, will produce returns in two to three years, most deferred gifts will generally not "mature" in significant amounts for another five or six years.

Organizations whose boards are committed and willing to devote the time, money, training and making planned gifts to set an example—The practice of "setting an example" is usually more important than the amount or type of gift. Once "insiders" who are actively involved in the management and operation of a charity set an example by making planned gifts, "outsiders" will more likely follow suit.

Organizations that meet all or most of the above criteria are probably ready to establish a formal planned giving program. Charities that do not can still increase planned giving activity and attract bequests. As most people have greater capacity to give at death than during life, most dollars come through bequests than all other deferred giving methods combined.

Planned Giving and Estate Planning—Opportunities for Partnerships

Increasingly, planned giving, as a major component of estate planning, is attracting the attention of financial institutions, including banks and mutual fund companies, as well as estate and financial planning professionals. A growing number of financial planners offer seminars and write articles and books on estate planning. A number of planners also offer their services to charities and frequently initiate planned giving with their clients. The implications for charitable organizations wishing to, or already in partnership, with corporations, etc. to build affordable housing are clear. They must also forge relationships with major financial institutions and/or financial planners to meet the objectives of both charities and clients, i.e., planned givers.[26]

Trends in Planning Giving

A 1993 survey conducted by the Canadian Association of Gift Planners (CAGP) found that 58 per cent of Canadian non-profit institutions had recently established planned giving programs and that about half of the remaining 42 per cent were planning to do so within the next year. Moreover, 84 per cent of gift planners had been in that field for four years or less, and one quarter had less than one year of experience.

Whether or not a particular institution decides to launch a planned giving program, the following trends in Canada are undeniable and have clear implications for charitable support of affordable housing.Many charities, especially those seeking endowments, will start planned giving programs, seeing an expanding market. Many businesses will offer publications and consultation in planned giving. Much planned giving literature already exists from, for example, banks, insurance companies and lawyers, among others. Other mainstream publications, like Maclean's, have recently published issues with feature stories on estate planning.

As Canadians become aware of the various ways that they can make gifts, their awareness will, in turn, foster more acceptance and use of planning giving in support of charities and associated causes. Agencies interested in fostering planned giving opportunities to build affordable housing can use this increased awareness to their advantage.

Lawyers, accountants, and consultants in financial services are becoming, and will become, increasingly involved in gift planning. Already many serve on the boards of charities. As they become more directly involved in gift planning, they can better assist charities, including those who are best suited to partner with developers, corporations, and the like to develop new affordable housing and ancillary services.

Planned Giving and Quebec—A Special Case for Taxation

Quebec depends on Canada Customs and Revenue Agency for the certifications of its charities and generally follows the federal rules with regard to charitable donations, but it has some rules that distinguish it from the other provinces. Gift planners who are targeting Quebec donors should be familiar with the Quebec taxation code as it relates to charitable gifts.[27] The sub-section below very briefly summarizes some of the differences.

Tax Rates and Credits

Quebec has its own tax system and requires residents to file a Quebec return in addition to a federal return. As they receive a tax abatement equal to 16.5 per cent of the basic federal tax, Quebec residents are subject to a lower top federal tax rate than residents of other provinces. In practical terms, the top federal tax rate of residents of all provinces except Quebec, including applicable surtaxes, is 31.3 per cent; in Quebec, the top federal tax rate for residents is 25.5 per cent.

Charitable Tax Credits

For all provinces except Quebec, the charitable tax credit for high-income donors, as a percentage of the gift, is the same as the top combined federal and provincial tax rate. There is no equivalency, however, between the federal charitable tax credit and the tax rate in Quebec. With regard to the federal return, the charitable credit rate may exceed the federal tax rate. Regarding the Quebec return, the charitable tax credit rate may be less than the Quebec tax rate.

Gifts of Listed Securities

The 1997 federal budget cut in half the amount of taxable gain when listed securities, (e.g., stocks bonds, futures traded on an approved exchange, as well as mutual funds) are donated to a charity other than to a private foundation or to the Crown. Quebec has still not followed the federal government in providing this special incentive for gifts of publicly-traded securities.

Planned Giving and its Relevance to Affordable Housing

There are two key points with respect to planned giving and its relevance to sponsors of affordable housing projects. On the one hand, the large scale of planned gifts and the opportunity for donors to contribute real estate make planned giving a very attractive option for fundraising in support of affordable housing. On the other hand, there are a number of challenges to sponsors of affordable housing. These are as follows:

Charitable Status—For the most part, individuals who make planned gifts are not only interested in supporting the issue or project; they are also aware of the associated tax advantages. This means that planned gifts are made exclusively to non-profit organizations that are registered charities.

Relationship with the donor—Individuals who support charitable organizations by making planned gifts have generally had a history of supporting these groups on an annual basis over many years.

This limits many sponsors of affordable housing projects who have not had the chance to develop relationships with individuals who are capable of making planned gifts,

Timing—Many planned gifts are deferred and not realized until the death of the donor. This has obvious disadvantages to sponsors of affordable housing projects who see the immediate need to develop affordable housing in their communities.

For charitable organizations such as Educational institutions, Social Service providers, and religious institutions who have long-standing relationships with an aging base of constituents and supporters, planned giving is a highly relevant method of raising money for affordable housing.

Summary

The above discussion noted the favourable climate for planned giving in Canada from the point of view of demographic trends and anticipated transfers of intergenerational wealth. Planned giving is becoming an integral part of estate planning and is becoming an often-considered option for taxpayers who face large tax liabilities on transfer, or dissolution of their estates at death. Recent legislative changes announced in the 1996 and 1997 Federal Budgets, furthermore, favour planned giving.

Planned giving is not for every organization, however. The most appropriate organizations to use planned giving tend to be larger, more established charitable organizations who are perceived to have long-term viability and relevance in their respective communities.

The prospect of making large donations of cash or property are enhanced through planned giving and are especially appropriate for the large capital requirements of affordable housing initiatives undertaken by charitable organizations.

Community Foundations of Canada

Mission:

To enhance the quality of life and vitality in Canadian communities by supporting and promoting the fund development, grantmaking, and leadership of community foundations.

Strategic goals:

- To provide support for member community foundations;
- To promote the community foundation movement;
- To demonstrate philanthropic leadership in Canada; and
- To build effectiveness and efficiency of Community Foundations of Canada.

Local Community Foundations

Territories

Yellowknife Community Foundation

British Columbia

Abbotsford Foundation
Alberni Valley Community Foundation
Bulkey Valley Foundation
Central Okanagan
Comox Valley Community Foundation
Coquitlam Foundation
Kamloops Foundation
Kent Harrison Foundation
Maple Ridge Community Foundation
Mission Foundation
Nanaimo Community Foundation
North Shore Charitable Foundation
Parksville/Qualicum Community Foundation
Phoenix Foundation of the Boundary Communities
Prince George Community Foundation
Revelstoke Community Foundation
Richmond Foundation
Salt Spring Island Foundation
Shuswap Community Foundation
Community Foundation of the South Okanagan (formerly Penticton & District Foundation)
Surrey Foundation
Vancouver Foundation
Vernon & District Foundation
Victoria Foundation
West Vancouver Foundation

Alberta

Calgary Foundation
Greater Camrose Community Foundation
Drayton Valley Community Foundation
Edmonton Community Foundation
Community Foundation of Greater Grande Prairie
Lethbridge Community Foundation
Mayerthorpe Area Community Foundation
Medicine Hat Community Foundation
Red Deer & District Community Foundation

Saskatchewan

Saskatoon Foundation
South Saskatchewan Community Foundation

Manitoba

Altona Community Foundation Inc.
Beautiful Plains Community Foundation
Boissenvain & Morton Foundation Inc.
Brandon Area Foundation
Brokenhead River Community Foundation
Carman Area Foundation
Cartwright and Area Foundation
Dauphin & District Community Foundation

Glenboro Area Foundation Inc.
Interlake Community Foundation
Killarney Foundation Inc.
Morden Area Foundation Inc.
North Norfolk-MacGregor Foundation Inc.
Northern Neighbours Foundation Inc.
Pilot Mound & District Foundation Inc.
Portage & District Foundation Inc.
Selkirk & District Community Foundation
Souris & Glenwood Foundation
Southwest Manitoba Regional Foundation
Thompson Community Foundation
Virden Area Foundation Inc.
Westshore Community Foundation
Winkler Foundation
Winnipeg Foundation

Ontario

Aylmer Area Community Foundation
Brantford Community Foundation
Burlington Community Foundation
Cambridge Community Foundation
Chatham Kent Community Foundation
Community Foundation of Durham Region
Guelph Community Foundation
Hamilton Community Foundation
Community Foundation of Greater Kingston
The Kitchener and Waterloo Community Foundation
London Community Foundation
Napanee District Charitable Foundation
Community Foundation of Oakville
Community Foundation of Orillia & Area
Community Foundation of Ottawa-Carleton
Owen Sound & Area Community Foundation
Sarnia Foundation
Town of Simcoe Foundation
Sudbury Community Foundation
Thunder Bay Foundation
Toronto Community Foundation
Tri-Town Foundation
Greater Windsor Community Foundation

Quebec

Fondation Communautaire du Grand Québec

Atlantic Provinces

Fundy Community Foundation
Community Foundation of Greater Moncton
Halifax Foundation
Community Foundation of Prince Edward Island
Saint-John Foundation

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Endnotes

[1] The cost of producing affordable housing is estimated to be more than $100, 000 per unit in Canada's largest urban centres.

[2] The CCPPPH also produces a free quarterly newsletter that highlights housing partnership best practices, solutions that have worked for others, how to arrange financing, important contact information, and upcoming affordable housing events and networking opportunities.

[3] CMHC reported its total portfolio of social housing as of December 1997 to be 645,000 units. An additional 83,000 units have been developed under unilateral provincial programs including some 65,000 units in Ontario between 1987 and 1996; 3,700 in British Columbia between 1994 and 1997; and 14,000 units under a seniors' lodge program in Alberta during the 1970s.

[4] The Canadian Directory to Foundations and Grants 1996/1997 lists 21 Canadian Foundations involved in housing and shelter activities as one of several interests or areas of granting activity.

[5] The term, "the third sector" is often equated with the non-profit sector. Lester Salmon writes of "a massive array of self-governing private organizations, not dedicated to distributing profits to shareholders or directors, pursuing public purposes outside the formal apparatus of the state." Foreign Affairs, 73, 4 (August) 1994.

[6] Collectively, the voluntary sector is a $90 billion industry that employs 1.4 million Canadians, serves 10 million clients, and attracts some six million volunteers.

[7] Canadian Centre for Philanthropy, 1995, Research Bulletin Volume 2, Number 5.

[8] In 1993, Canadian charities received $8.2 billion in donations from individuals and issued receipts for $6.6 billion. Individuals claimed only $4.5 billion in donations for income tax purposes.

[9] While donors with higher incomes tend to make larger donations than do donors with lower incomes, they do not contribute a greater percentage of their pretax household income.

[10] The reasons for increased charitable giving as Canadians grow older may be best interpreted as due more to economic than social factors; that is, younger Canadians whose incomes increase will more than likely devote these increases to household expenditures such as durables, cars, mortgages, etc.

[11] Much of the increase can be attributed to the changes in the maximum charitable donations that can be claimed for tax credit purposes. Increases in donations claimed, however, do not necessarily reflect increases in donations received by charities. In 1996, 26.9 per cent of tax filers claimed a charitable donation compared to the 26.7 per cent who claimed donations in the previous year.

[12] It is estimated that appeals by charities and non-profits to the private sector has been growing by at least 7 per cent yearly since 1994. The Royal Bank received 15,000 requests for assistance in 1997 alone.

[13] Given the complexity of tax laws, readers of this report are advised to seek professional counsel and advice in assessing and applying tax-related ways and means of fundraising.

[14] Certain provinces, particularly Quebec, may have provincial tax laws which are different From Federal tax laws. Readers are advised to seek professional tax counsel advice in this regard.

[15] David Sharpe of the Canadian Centre for Philanthropy points out several drawbacks to Canada Customs and Revenue Agency's system of classifying Canadian charities. These include a lack of distinction between charitable foundations and charitable organizations; the lack of a code for several key types of charities ; a coding system that does not account for charities active in many activities; and the grouping of large charities with small charities in the same sector, resulting in a "distortion" in aggregate statistics towards the larger charities.

[16] This Phase I report does not look at volunteering. It is estimated that 4 to 5 million Canadians do some kind of volunteer work every year, giving over one billion hours in volunteer time–the equivalent of 617,000 full-time jobs.

[17] Would donors contribute more if governments offered them a better tax credit for their charitable donations? In the National Survey of Giving, Volunteering and Participation (NSGVP), 45 per cent of respondents who gave annual donation of more than $150 indicated that they were more likely to increase donations compared with 30 per cent of donors who made annual donations of less than $40.

[18] It should be noted that for individuals with modest income, the tax savings from donations may be larger than the amount of the gift multiplied by their combined federal and provincial tax marginal rate. This stems from the fact that, in dollar terms, the basic tax credit is worth the same to every taxpayer and is not dependent on the taxpayer's tax bracket. This "bonus" might be pointed out to donors with modest incomes.

[19] After five years, the federal government will review the provision to reduce the income inclusion rate from 75 per cent to 37.5 per cent. If this provision has been found to be ineffective in both increasing donations and distributing the additional donations more fairly among charities, it will be allowed to expire on December 31, 2001.

[20] The leveling of the playing field between Crown gifts and those to other charities remains uneven in Quebec, on the Quebec tax return. Quebec donors therefore, may find it advantageous to make larger donations to Crown charities.

[21] Appendix IV provides additional information and elaboration on the area of "Planned Giving" which is growing in importance in Canada.

[22] Canadians also give in a variety of other ways, not tracked by charitable receipts. These include purchasing goods such as chocolate bars, purchasing charity-sponsored raffle tickets and gaming in charity-sponsored bingos or casinos. The total from this activity was estimated to be $ 1.28 billion in 1997.

[23] CMHC periodically releases studies examining household and housing conditions data and assessments, however, there does not appear to be any agency or organization in Canada which provides such a credible report card as envisaged.

[24] The transfer of wealth from generation to generation occurs in a variety of ways, e.g., outright gifts, transfers of RRSPs and RRIF's, life insurance, bequests, etc.

[25] In a 1996 article, the Financial Post noted that donors who want permanence for their bequests are increasingly turning to community foundations. The report added that the number of community foundations in Canada nearly doubled from 43 in 1993 to 70 in 1995. Foundation capital grew in the same period from $540 million to $670 million.

[26] Before 1996, donors of life insurance were restricted to gifts that did not exceed 20 per cent of the net income. Excess donations were eligible for a five-year carry forward. In the year of death, excess donations, including those made through a will, could be carried back one year.

[27] The 1998 Quebec Budget did change the contribution limits and the charitable tax credit for Quebecois.